

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION**

IN RE THE BOEING COMPANY
SECURITIES LITIGATION

Civil Action No. 1:24-cv-00151-LMB-LRV

**AMENDED CLASS ACTION COMPLAINT
FOR VIOLATION OF THE FEDERAL
SECURITIES LAWS**

Filed on: May 22, 2024

Judge Leonie M. Brinkema

Jury Trial Demanded

TABLE OF CONTENTS

	Page
I. INTRODUCTION	2
II. JURISDICTION AND VENUE	10
III. THE PARTIES.....	11
A. Lead Plaintiffs	11
B. Defendants	12
IV. SUBSTANTIVE ALLEGATIONS OF FRAUD.....	14
A. Overview of The Boeing Company	14
B. Boeing’s Intense Competition with Airbus and the Origin of the 737 MAX.....	16
C. Within a Five-Month Period, Two Boeing 737 MAX Airplanes Crashed, Killing 346 People in Total.....	17
1. The October 2018 Lion Air Flight 737 MAX Crash	17
2. The March 2019 Ethiopian Airlines 737 MAX Crash.....	18
D. The Public Comes to Understand that Boeing Was at Fault for the Crashes	18
1. Congressional Investigations and Findings	19
2. The NTSB Issues a Final Report, and Muilenburg Is Fired	22
3. The FAA Grounding Order and Mandates	23
4. The Aircraft Certification, Safety, and Accountability Act.....	24
5. The DOJ Charges Boeing with Criminal Fraud and Enters into a Deferred Prosecution Agreement with Boeing	25
6. Boeing Admits Fault.....	26
7. The SEC Orders Boeing to Pay \$200 Million For Securities Fraud Regarding Boeing’s Statements About Safety.....	26
8. Boeing Falls Behind in Its Competition with Airbus.....	27
E. In the Aftermath of the Devastating Crashes, Boeing Assured Investors That It Would Implement “Enterprise-Wide” Safety Policies and Practices	28

1.	Boeing Proposes and Adopts Independent Recommendations.....	28
2.	The Deferred Prosecution Agreement	37
3.	Boeing’s Code of Conduct, Values, and Safety Management System.....	40
F.	Throughout the Class Period, Defendants Repeatedly Assured Investors Boeing Had Substantially Improved Its Safety and Quality Practices	46
1.	Statements Regarding Enhanced Safety and Quality in the Manufacturing Process.....	46
2.	Statements About Boeing’s “Culture” That Encourages Employees to Raise Safety Concerns Without Fear of Retaliation	51
3.	Statements Concerning Stability of Boeing’s Rate of Production and Deliveries	54
4.	Statements About Boeing’s Regulatory Compliance	56
G.	Following the Crashes—and Contrary to Defendants’ Misrepresentations—Boeing’s Airplanes Were Still Not Manufactured Safely	58
1.	Production Shortcuts and Systematic Failures to Follow Industry Standards.....	59
2.	Severe Misalignment of “Hundreds” of Airplanes	65
3.	Boeing’s Unsafe Manufacturing Practice of “Traveled” Work.....	67
4.	Boeing Did Not Properly Conduct Quality Control Over Its Suppliers	72
5.	“Out-of-Sequence” Work and Related Deficiencies.....	79
6.	Defendants Improperly Limited the Scope of Recertification of the 737 MAX to Only Address MCAS, and Not Other Unsafe Features.....	81
7.	Boeing Employees Were Not Properly Qualified or Licensed, and Engaged in Severe Misconduct While on the Manufacturing Floor.....	83
8.	Boeing Did Not Implement Effective Safety Measures Following the Crashes	87
9.	Following the Crashes, Boeing Still Maintained Its Retaliatory Culture, Which Started From The Top	98

10.	Many More Whistleblowers Exist	103
H.	THE TRUTH IS REVEALED	105
1.	The Alaska Airlines Incident	105
2.	United Airlines Announces Loose Bolts on Its 737 MAX 9 Airplanes	108
3.	The FAA Launches Investigation and Increases Oversight of Boeing	109
4.	China Delays Acceptance of 737 MAX Deliveries	111
5.	The FAA Issues a Safety Alert Concerning the 737-900ER	112
6.	News Emerges That the Door Plug Involved in the Alaska Airlines Incident Was Improperly Reinstalled at Boeing’s Own Factory	112
7.	The FAA Halts Boeing’s 737 MAX Production to Improve Quality Control	113
8.	The Wall Street Journal Reports That the Alaska Airlines Plane Left Boeing’s Factory Without Critical Bolts.....	115
9.	Boeing Withdraws a Safety Exemption Request for the 737 MAX 7.....	116
10.	Defendant Calhoun Admits Boeing’s Fault in the Alaska Airlines Incident	117
11.	Boeing Announces a Reduced Production Rate	117
12.	The FAA Publishes the Results of Its Expert Panel Review of Boeing	118
13.	The FAA Requires Boeing to Submit a Comprehensive Action Plan, and a DOJ Investigation Is Reported	123
14.	The FAA’s Audit of Boeing Finds Multiple Failures to Comply with Manufacturing Quality Control Requirements	124
15.	The DOJ Announces a Criminal Investigation	125
16.	The FAA Finds That Boeing Failed 33 of 89 Audits.....	125
17.	The NTSB Continues Its Investigation and Announces It Will Hold A Hearing on August 6-7, 2024 Related to the Alaska Airlines Incident	127

18.	Admissions in Boeing’s Conference Calls	128
19.	Boeing Undergoes Leadership Changes	129
20.	Congressional Hearings and Related News Reports.....	129
21.	SEC Begins an Investigation into Boeing’s Statements to the Investing Public	132
22.	The DOJ Finds That Boeing Violated the DPA.....	132
V.	ALLEGATIONS OF SCIENTER.....	136
A.	Defendants Were Required to Be Aware of Boeing’s Safety and Quality Control Issues Under the Independent Recommendations, DPA, and SMS	136
B.	Safety and Quality Issues Were Critical to the Company Following the 737 MAX Crashes That Killed Hundreds of People	140
C.	Defendants Emphasized During the Class Period That They Were Closely Monitoring Safety and Quality Issues at Boeing	142
1.	Defendant Muilenburg’s Admissions	142
2.	Defendant Calhoun’s Admissions.....	144
3.	Defendant Smith’s Admissions.....	147
4.	Defendant West’s Admissions.....	148
5.	Other Boeing Admissions.....	150
D.	The Widespread Nature of the Conduct Revealed by Public Whistleblowers and Former Employees and Contractors.....	150
E.	Defendants’ Executive Compensation Was Tied to Product Safety.....	151
F.	Boeing’s Unwillingness to Provide Relevant Documentation to Authorities Is Indicative of Scienter	153
G.	The Departures of Defendants Muilenburg, Calhoun, and Smith Are Indicative of Scienter	155
H.	The Investigations and Findings of the DOJ, FAA, and the SEC All Support a Finding of Scienter	157
VI.	DEFENDANTS’ FALSE AND MISLEADING STATEMENTS	159
A.	September 30, 2019 – Boeing Press Release Concerning Product Safety.....	161

B.	October 23, 2019 – Third Quarter 2019 Press Release and Earnings Call	164
C.	October 23, 2019 – Third Quarter 2019 Form 10-Q	169
D.	November 5, 2019 – Interview of Defendant Calhoun on CNBC’s Squawk Box	170
E.	November 6, 2019 – New York Times DealBook Conference	173
F.	November 6, 2019 – Baird Global Industrial Conference	177
G.	December 16, 2019 – Press Release Regarding 737 MAX Production	179
H.	January 22, 2020 – Press Conference at Boeing’s Longacres Campus in Renton, Washington	180
I.	January 29, 2020 – Interview of Defendant Calhoun on CNBC	181
J.	January 29, 2020 – Fourth Quarter 2019 Press Release and Earnings Call	182
K.	January 31, 2020 – Full Year 2019 Form 10-K	186
L.	Boeing Codes of Conducts	188
M.	February 12, 2020 – Cowen Aerospace Defense Industrial Conference	189
N.	February 20, 2020 – Interview of Defendant Calhoun on Seattle’s King-5 News	192
O.	March 5, 2020 – Defendant Calhoun Interview on Fox Business News	193
P.	March 13, 2020 – Boeing’s Proxy Statement	195
Q.	April 27, 2020 – 2020 Address to Shareholders	198
R.	April 29, 2020 – First Quarter 2020 Press Release and Earnings Call	201
S.	April 29, 2020 – First Quarter 2020 Form 10-Q	202
T.	May 12, 2020 – Interview of Defendant Calhoun on NBC’s Today Show	203
U.	May 29, 2020 – Boeing Letter	204
V.	July 7, 2020 – Boeing’s Values	205
W.	July 29, 2020 – Second Quarter 2020 Press Release and Earnings Call	205
X.	July 29, 2020 – Second Quarter 2020 Form 10-Q	209

Y.	October 28, 2020 – Third Quarter 2020 Press Release and Earnings Call.....	209
Z.	October 28, 2020 – Third Quarter 2020 Form 10-Q.....	212
AA.	November 18, 2020 – Press Release Concerning the 737 MAX.....	212
BB.	December 4, 2020 – Credit Suisse Analyst Conference.....	214
CC.	January 7, 2021 – Press Release Concerning Deferred Prosecution Agreement.....	215
DD.	January 27, 2021 – Fourth Quarter 2020 Press Release and Earnings Call.....	216
EE.	February 1, 2021 – Full Year 2020 Form 10-K.....	218
FF.	March 5, 2021 – 2021 Proxy Statement.....	224
GG.	April 20, 2021 – Boeing Annual Shareholder Meeting.....	227
HH.	April 28, 2021 – First Quarter 2021 Press Release and Earnings Call.....	230
II.	April 28, 2021 – First Quarter 2021 Form 10-Q.....	234
JJ.	July 13, 2021 – Boeing Press Release	237
KK.	July 26, 2021 – Boeing Press Release	238
LL.	July 28, 2021 – Second Quarter 2021 Press Release and Earnings Call	239
MM.	July 28, 2021 – Second Quarter 2021 Form 10-Q.....	243
NN.	August 31, 2021 – Boeing Press Release.....	246
OO.	October 27, 2021 – Third Quarter 2021 Press Release and Earnings Call.....	247
PP.	October 27, 2021 – Third Quarter 2021 Form 10-Q.....	250
QQ.	January 26, 2022 – Fourth Quarter 2021 Press Release and Earnings Call.....	253
RR.	January 31, 2022 – Full Year 2021 Form 10-K.....	256
SS.	March 11, 2022 – 2022 Proxy Statement.....	262
TT.	April 27, 2022 – First Quarter 2022 Press Release and Earnings Call.....	265
UU.	April 27, 2022 – First Quarter 2022 Form 10-Q.....	269
VV.	April 29, 2022 – Annual Shareholder Meeting.....	270
WW.	May 24, 2022 – Boeing Safety Management System Policy.....	273

XX.	June 3, 2022 – Sanford C. Bernstein Strategic Decisions Conference	275
YY.	July 27, 2022 – Second Quarter 2022 Press Release and Earnings Call	276
ZZ.	July 27, 2022 – Second Quarter 2022 Form 10-Q	279
AAA.	October 26, 2022 – Third Quarter 2022 Earnings Call.....	280
BBB.	October 26, 2022 – Third Quarter 2022 Form 10-Q.....	281
CCC.	November 2, 2022 – Boeing Investor Conference.....	283
DDD.	December 22, 2022 – Boeing “Voices of Safety” Video Series.....	288
EEE.	January 25, 2023 – Fourth Quarter 2022 Press Release and Earnings Call.....	290
FFF.	January 27, 2023 – Full Year 2022 Form 10-K	291
GGG.	March 3, 2023 –2023 Proxy Statement.....	295
HHH.	April 2023 – Chief Aerospace Safety Officer Report.....	298
III.	April 18, 2023 – Annual Shareholder Meeting.....	301
JJJ.	April 26, 2023 – First Quarter 2023 Press Release and Earnings Call	304
KKK.	April 26, 2023 – First Quarter 2023 Form 10-Q.....	307
LLL.	June 27, 2023 – Boeing Company Code of Ethical Business Conduct	310
MMM.	July 26, 2023 – Second Quarter 2023 Earnings Call.....	311
NNN.	July 26, 2023 – Second Quarter 2023 Form 10-Q	314
OOO.	October 25, 2023 – Third Quarter 2023 Press Release and Earnings Call.....	315
PPP.	October 25, 2023 – Third Quarter 2023 Form 10-Q.....	319
QQQ.	January 9, 2024 – Boeing Company-Wide Meeting.....	320
RRR.	January 31, 2024 – Fourth Quarter 2023 Press Release and Earnings Call.....	322
SSS.	January 31, 2024 – Full Year 2023 Form 10-K	326
TTT.	January 31, 2024 – Defendant Calhoun Interview on CNBC.....	330
UUU.	February 13, 2024 – TD Cowen Aerospace & Defense Conference.....	331
VVV.	March 20, 2024 – Bank of America Securities Global Industrials Conference	331

WWW.	April 5, 2024 – Boeing Proxy Statement	332
VII.	LOSS CAUSATION.....	335
VIII.	PRESUMPTION OF RELIANCE	336
IX.	CLASS ACTION ALLEGATIONS	337
X.	NO SAFE HARBOR	340
XI.	CLAIMS FOR RELIEF UNDER THE EXCHANGE ACT.....	341
	COUNT I VIOLATIONS OF SECTION 10(B) OF THE EXCHANGE ACT AND SEC RULE 10B-5 PROMULGATED THEREUNDER AGAINST BOEING AND THE INDIVIDUAL DEFENDANTS.....	341
	COUNT II VIOLATION OF SECTION 20(A) OF THE EXCHANGE ACT AGAINST THE INDIVIDUAL DEFENDANTS.....	342
XII.	PRAYER FOR RELIEF	344
XIII.	JURY DEMAND	344

Court-appointed Co-Lead Plaintiffs, the State of Rhode Island Office of the General Treasurer on behalf of the Employees' Retirement System of Rhode Island ("Rhode Island") and Local #817 IBT Pension Fund (the "IBT Pension Fund," and together with Rhode Island, "Lead Plaintiffs"), individually and on behalf of all other persons similarly situated (the "Class," as defined herein), bring this class action pursuant to Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (15 U.S.C. § 78, the "Exchange Act") and Rule 10b-5 promulgated thereunder (17 C.F.R. § 240.10b-5) against Defendants The Boeing Company ("Boeing" or the "Company"), David L. Calhoun ("Calhoun"), Dennis A. Muilenburg ("Muilenburg"), Brian J. West ("West"), and Gregory D. Smith ("Smith," and collectively with Calhoun, Muilenburg, and West, the "Individual Defendants"). Lead Plaintiffs bring this action on behalf of themselves and the Class who purchased or otherwise acquired Boeing common stock between September 30, 2019 and May 14, 2024, inclusive (the "Class Period") and were damaged thereby.

These allegations are based upon personal knowledge as to Lead Plaintiffs' own acts, and upon information and belief as to all other matters. Lead Plaintiffs' information and belief is based on the investigation conducted by and through its attorneys, which included a review of Boeing's public company filings with the Securities and Exchange Commission, interviews with whistleblowers and former employees and contractors of Boeing, Boeing's earnings calls and other conference calls, press releases, analyst reports, public court filings, and other publicly available information regarding the Company. Lead Counsel's investigation regarding the claims alleged herein is ongoing, and many relevant facts are known only to, or are exclusively within, the custody or control of the Defendants. Lead Plaintiffs believe that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

I. INTRODUCTION

1. This case is about Boeing’s false and misleading representations to investors about the most important aspect of its business—manufacturing safe airplanes. After two deadly crashes of Boeing airplanes in 2018 and 2019 revealed safety and quality deficiencies in the Company’s airplanes, Boeing repeatedly told the investing public that the Company had reformed its ways. Throughout the Class Period, Defendants delivered the message that “[s]afety is, *simply put, our highest priority*,” that Boeing “*do[es] not compromise these values for cost or schedule*,” that employees are encouraged to “*speak[] up without fear of retaliation*,” and in short, that “*[s]afety dominates Boeing*.”¹

2. Time and again, Boeing’s executives reiterated these messages to its airline customers, to the flying public, and to investors. These assurances were highly material to Boeing’s investors because the safety of Boeing’s airplanes, and a safety culture that identifies and addresses problems before they result in tragedy, is ultimately the foundation of the entire Company.

3. Defendants’ representations, however, were false and misleading. A January 2024 incident in which a door plug blew off a Boeing plane operated by Alaska Airlines catalyzed a host of revelations about Boeing’s continued unsafe manufacturing processes. Numerous whistleblowers, public reports, and government investigations have now revealed the truth. In reality, Boeing continued to take dangerous shortcuts that severely compromised the quality of its aircraft—just as it had before the 2018 and 2019 crashes. Boeing continued to prioritize the rate of production over the safety and quality of its aircraft—just as it had before. Boeing continued to retaliate against employees who came forward with safety concerns—just as it had before.

¹ Emphasis is added throughout, unless otherwise noted.

Boeing continued to comply with regulatory requirements and its own commitments in name only, without substantially implementing those critical safety measures—just as it had before. In short, Boeing’s assurances that it had turned a new page and repaired its safety culture were deceitful. Boeing’s executives, who had publicly committed to a reporting structure designed to make them aware of safety and quality concerns, ignored those concerns and repeatedly made false and misleading assurances. Investors who purchased Boeing stock based on those representations suffered enormous damages when the truth was revealed. Those investors are the Class on whose behalf this suit seeks to recover damages. The series of events that humbled one of America’s manufacturing giants is set out in detail throughout this Complaint, and is summarized here.

4. On October 29, 2018, Lion Air Flight JT 610—a Boeing 737 MAX airplane—took off from Jakarta, Indonesia. Shortly after takeoff, the plane plunged into the Java Sea with such force that some metal fixtures on the aircraft disintegrated on impact. All 189 passengers and crew members on board died and the airplane was destroyed (the “Lion Air Crash”).

5. Just five months later, history repeated itself. On March 10, 2019, Ethiopian Airlines Flight ET 302—another Boeing 737 MAX airplane—departed Addis Ababa, Ethiopia. Similarly, within minutes after takeoff, the plane crashed at nearly 700 miles an hour, killing all 157 people on board instantly (the “Ethiopian Airlines Crash,” and together with the “Lion Air Crash,” the “Crashes”).

6. Following the Crashes came a wave of government and regulatory investigations into Boeing. The focus on Boeing that followed included investigations spanning both houses of Congress, the United States Department of Justice (“DOJ”), the Federal Aviation Administration (“FAA”), the Securities & Exchange Commission (“SEC”), and the National Transportation Safety Board (“NTSB”). Both houses of Congress and all agencies arrived at the same conclusion:

Boeing was at fault for the Crashes and the resulting deaths of 346 people. In particular, the Crashes were caused by a software defect in a system that Boeing had intentionally concealed from pilots and the FAA.

7. This securities class action arises out of Boeing's continued prioritization of short-term profits over safety in the aftermath of those Crashes, directly contradicting what Boeing and its executives told investors throughout the Class Period. After the Crashes, Boeing repeatedly made false and misleading statements to investors concerning its safety and quality control practices. Boeing did so because investors were intensely focused on Boeing's ability to produce and deliver safe airplanes, particularly in light of these tragedies. As one securities analyst covering Boeing noted in the aftermath of the Crashes: "*Safety is more important than ever*," and a "*paramount* factor in the industry."

8. On the first day of the Class Period, September 30, 2019, Boeing's then-CEO Defendant Muilenburg personally assured the public that Boeing had learned from the Crashes, asserting that: "*Safety is at the core of who we are at Boeing*, and the recent 737 MAX accidents will always weigh heavily on us." That same day, Defendants assured investors that the Company was taking "immediate steps" to implement a complete reorganization of Boeing's safety practices, quality control, and reporting structure. To that end, Defendants assured investors that the CEO himself was overseeing safety and quality control at Boeing, and that safety issues would be reported "*directly* to senior [C]ompany leadership."

9. Boeing also entered into a Deferred Prosecution Agreement (the "DPA") with the DOJ, which forestalled criminal prosecution for Boeing's wrongdoing associated with the Crashes on the condition that Boeing implement a compliance program across the Company to ensure that the conditions that led to the 2018 and 2019 Crashes would not be repeated. Board member and

current CEO Defendant Calhoun signed this DPA on behalf of Boeing. The DPA provided that if Boeing complied with its terms, then Boeing would not be prosecuted for the Crashes.

10. In addition, on December 27, 2020, Congress passed a law in response to the Crashes: the Aircraft Certification, Safety, and Accountability Act of 2020. The law specifically targeted Boeing's safety practices, requiring an independent review of Boeing's safety systems, and requiring Boeing to implement a Safety Management System ("SMS") across the Company.

11. During this time, Defendants acknowledged that Boeing's safety practices were inextricably linked to the value of the Company's shares—stating, for example, that *"[i]f ever there was a moment to emphasize safety as . . . the most important part of shareholder value, it's now. . . . Safety first. Without it, there is no shareholder value."*

12. Throughout the Class Period, Defendants repeatedly assured investors that Boeing had changed its ways, touting: (1) Boeing's prioritization of safety and quality in the manufacturing process of its airplanes, as opposed to prioritizing the rate of production; (2) Boeing's promotion of a safety culture, including encouraging employees to speak up about safety concerns "without fear of retaliation;" (3) Boeing's ability to produce safe aircraft at a stable and growing rate; and (4) Boeing's compliance with regulatory requirements and its own safety commitments following the Crashes.

13. These statements were materially false and misleading. Public whistleblowers, former Boeing employees, documents, and published reports have now revealed that, unbeknownst to investors, Boeing's practices and culture throughout the Class Period were anything but "safe."

14. Numerous whistleblowers—including a current Quality Engineer at Boeing, an FAA technical specialist, a former senior manager of the Boeing 737 program, and an aviation safety expert and former pilot—gave sworn, public testimony to the United States Senate

Committee on Homeland Security and Governmental Affairs on April 17, 2024 (the “April 2024 Congressional Hearing”). These whistleblowers testified, in precise detail and supported by documentation, that during the Class Period, Boeing took manufacturing “shortcuts” in the building of its airplanes, contrary to industry standards and to “engineering specifications.” One whistleblower revealed that these defects affect more than 1,000 airplanes currently in service. However, he explained, *“as I continued to press Boeing officials to hear and respond to the safety issues I had observed, the response from my supervisor and other managers became increasingly hostile.”*

15. These whistleblowers also detailed in their sworn testimony that, following the Crashes, Boeing improperly limited the recertification process for the 737 MAX to address only the software defect that directly led to those Crashes—intentionally failing to address numerous other safety defects.

16. Another whistleblower testified that Boeing “illegally removed thousands of quality control inspections on individual airplanes without the FAA’s knowledge and without the knowledge of airline customers. . . resulting in *hundreds of aircraft hav[ing] left Boeing factories without those thousands of inspections.*”

17. As a public whistleblower asserted: “Boeing’s corporate leaders continue to conceal the truth. *They continued to mislead and deceive the public about the safety of their airplanes. That is the safety culture at the top of Boeing right now.*”

18. These public whistleblower accounts are corroborated by numerous former employees and contractors who worked at Boeing during the Class Period, alleged herein as confidential witnesses (“CWs”). These CWs reveal, for example, that Boeing engaged in the unsafe manufacturing practices of “traveled work” and “out of sequence” work on aircraft. These

“*inherently unsafe*” practices were used to speed up the manufacturing process by allowing aircraft for which necessary work had not been completed to move forward on the manufacturing line or from one factory to another. Indeed, one such former employee left the Company because of the unsafe quality control practices he witnessed.

19. Numerous other CWs discuss the retaliatory culture at Boeing. Like the public whistleblowers, they observed unsafe manufacturing processes at Boeing. When these CWs raised these significant issues with their superiors and Boeing management, their concerns were not addressed, and they were retaliated against, demoted, and/or terminated. These practices are the direct opposite of the purported prioritization of safety and encouragement of employees to raise safety concerns that Boeing touted throughout the Class Period.

20. The truth about Defendants’ materially false and misleading statements began to emerge on Friday, January 5, 2024, when Alaska Airlines Flight 1282—a Boeing 737 MAX airplane—was forced to make an emergency landing minutes after take-off when a door plug blew off mid-flight, leaving a gaping hole in one side of the plane’s cabin mere feet from where passengers were sitting (the “Alaska Airlines Incident”). The intense depressurization of the aircraft while mid-flight “twisted the metal of the seats nearby,” and forced passengers’ headrests, devices, and even the clothing they were wearing to be sucked out of the plane. By sheer chance, no passengers were sitting in the two seats next to the door that blew off mid-flight. In Boeing’s first earnings call with investors after the Alaska Airlines Incident, Defendant Calhoun acknowledged unequivocally that “*We caused the problem and we understand that*” and “*Boeing is accountable for what happened.*”

21. Public reporting since then has revealed that it was Boeing’s unsafe manufacturing practices, including “traveled work,” that directly caused the Alaska Airlines Incident. Indeed,

Defendant Calhoun acknowledged after the Alaska Airlines Incident that traveled work was “*embedded and normalized*” at Boeing, contrary to Defendants’ prior representations that eliminating traveled work was a Boeing “Value.” Moreover, the current CFO, Defendant West, stunningly admitted after the Alaska Airlines Incident that *nothing had changed after the 2018 and 2019 Crashes*, as “*For years, we prioritized the movement of the airplane through the factory over getting it done right and that’s got to change.*”

22. Following the Alaska Airlines Incident, the FAA conducted a new investigation and audit of Boeing—all while the FAA was simultaneously concluding its years-long investigation of Boeing following the 2018 and 2019 Crashes.

23. On February 26, 2024, the FAA published an Expert Panel Report (the “Report” or the “FAA Expert Panel Report”), as was required by the Aircraft Certification, Safety, and Accountability Act of 2020. This Report consisted of an independent expert-led investigation and review of more than “*4,000 pages of Boeing documents, seven surveys, over 250 interviews, and meetings with Boeing employees across six company locations*,” focused on Boeing’s safety management policies and practices.

24. The FAA Expert Panel Report revealed that, rather than complying with the FAA’s mandates after the Crashes, Boeing’s safety and quality control deficiencies continued unabated. For example, the Report revealed that Boeing had failed to properly implement the Safety Management System mandated by federal law in the aftermath of the Crashes. Two days after the Report was made available to the public, news outlets reported that the FAA was requiring Boeing to submit a comprehensive action plan to address Boeing’s “*systemic quality-control issues*” within 90 days – confirming what public whistleblowers and CWs observed during the Class Period.

25. More troubling news from the FAA’s investigation came to light on March 4 and 11, 2024, when it was revealed that following a six-week audit of Boeing after the Alaska Airlines Incident, Boeing had failed ***33 of 89 product audits***, with many of the issues categorized as failures to follow “approved manufacturing processes.” As one securities analyst indicated in response to this news: “We believe investors are increasingly skeptical of Boeing’s ability to manage the quality issues within the company’s production facilities.”

26. At an April 17, 2024 hearing of the Senate Committee on Commerce, Science and Transportation, Dr. Javier de Luis of MIT—one of the experts on the FAA Expert Panel that investigated Boeing—summarized the vast gulf between Boeing’s actual safety practices and what Boeing executives had told the public:

My fellow witnesses and I felt that it would be useful to expand on a few of the recommendations in our [R]eport, as they may serve to set the stage for today’s hearing. **First among these is our finding that there exists a “disconnect” between the words that are being said by Boeing management, and what is being seen and experienced by the technicians and engineers.**

They hear “safety is our number one priority”, but they see that that is only true as long as you meet your production milestones.

They hear “speak up if you see anything unsafe”, but they see that when they do, there’s little feedback, and if they insist, they may find themselves on the short end of the stick next time raises are distributed, or worse.

We identified this disconnect based on our interviews and survey responses. It was present at almost all levels and almost all worksites that we visited.

27. Dr. de Luis then pointed Congress to Defendant West’s admission after the Alaska Airlines Incident:

What was distressing, though, was the recent statement by Mr. Brian West, Boeing’s finance chief at a[n] investor conference where he said: “For years, we prioritized the movement of the airplane

through the factory over getting it done right. That's got to change. The leadership team got it in the immediate aftermath of January 5."

I would have thought that they would have "gotten it" five years ago.

28. The severe and pervasive manufacturing safety and quality control deficiencies at Boeing were more thoroughly revealed on May 14, 2024. That evening, the DOJ stated in a letter filed with the Northern District Court of Texas that Boeing failed to implement the mandated corporate compliance program over the three years since the DPA was signed, and thus, "***the Government has determined that Boeing breached its obligations under [the] DPA.***" According to the DOJ, "[f]or failing to fulfill completely the terms and obligations of the DPA, Boeing is [now] subject to prosecution by the United States for any federal criminal violation of which the United States has knowledge[.]" The DOJ's announcement followed on the heels of a May 9, 2024 report that the SEC is investigating whether Boeing and its executives misled investors about the Company's safety practices in violation of the securities laws.

29. Because of Defendants' false and misleading statements and omissions alleged herein, and the resulting significant decline in the market value of Boeing's stock when the truth was revealed, Lead Plaintiffs and the Class (defined below) have suffered billions of dollars in losses and damages under the federal securities laws, and accordingly, bring this Action to recover for those losses.

II. JURISDICTION AND VENUE

30. The claims alleged herein arise under Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder (17 C.F.R. § 240.10b-5).

31. This Court has jurisdiction over the subject matter of this Action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

32. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa) because Boeing’s global headquarters are located in this District, and Boeing transacts its substantial business in Virginia, including in this District. Boeing’s stock trades on the New York Stock Exchange (“NYSE”) stock market under the ticker symbol “BA.” In connection with the acts alleged in this Amended Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications, and the facilities of the national securities markets.

III. THE PARTIES

A. Lead Plaintiffs

33. Co-Lead Plaintiff Rhode Island is a public pension fund whose investment portfolio includes \$10.5 billion of State of Rhode Island pension assets, managed by the Office of the General Treasurer’s investment team under policies set by the State Investment Commission. The Treasury’s investment division is tasked with investing the State’s assets, most notably the defined benefit plan, which is the primary source of retirement income for more than 60,000 active and retired teachers, first responders, and state and municipal employees. On April 22, 2024, the Court appointed Rhode Island as Co-Lead Plaintiff for this Action, along with Co-Lead Plaintiff IBT Pension Fund. As set forth in the attached certification (Exhibit A), Rhode Island purchased Boeing’s common stock during the Class Period and suffered damages as a result of Defendants’ fraud.

34. Co-Lead Plaintiff IBT Pension Fund is a pension fund for members of the International Brotherhood of Teamsters Local 817, which represents workers in transportation, casting, and locations for theater, film, and television in the northeast United States. IBT Pension Fund has over \$600 million in assets under management. On April 22, 2024, the Court appointed

IBT Pension Fund as Co-Lead Plaintiff for this Action, along with Rhode Island. As set forth in the attached certification (Exhibit B), IBT Pension Fund purchased Boeing's common stock during the Class Period and suffered damages as a result of Defendants' fraud.

B. Defendants

35. Defendant Boeing is a corporation incorporated in the state of Delaware, with its principal executive offices located at 929 Long Bridge Drive, Arlington, Virginia 22202. The Company's shares trade on the NYSE, under the ticker symbol "BA." Boeing is one of the world's largest aerospace companies and a top U.S. exporter. The Company is one of the leading manufacturers of commercial airplanes, military aircraft, and space and security systems; it supports airlines and U.S. and allied government customers in more than 150 nations.

36. Defendant Muilenburg was the Company's President and CEO from July 2015 to December 2019. Muilenburg also was a member of Boeing's Board of Directors (the "Board") from 2015, and was Chairman of the Board from March 2016 until October 2019. In his role as CEO, Muilenburg participated in earnings calls and conferences with securities analysts, during which he made false and misleading statements and omissions of material fact, as alleged herein. Muilenburg resigned from his positions as CEO and Board Director on December 23, 2019.

37. Defendant Calhoun is the Company's current President and CEO. Calhoun has been Boeing's CEO since January 13, 2020, member of the Board since 2009, and Chairman of the Board from October to December 2019. In his role as CEO, Calhoun participated in earnings calls and conferences with securities analysts, during which he made false and misleading statements and omissions of material fact, as alleged herein. Boeing has reported that Calhoun will resign from the Company by the end of 2024.

38. Defendant Smith was the Company's Chief Financial Officer ("CFO") from 2011 until July 2021. Smith also served as interim CEO of Boeing from December 23, 2019 to January

13, 2020. During his time as CFO, Smith led Boeing's Enterprise Operations, Finance and Strategy organization. In his role as CFO, Smith managed the Company's overall financial activities, and oversaw the Company's manufacturing, operations, supply chain, quality and program management functions. Smith was also responsible for the delivery of enterprise services across the Company. Smith participated in earnings calls and conferences with securities analysts, during which he made false and misleading statements and omissions of material fact, as alleged herein.

39. Defendant West is the current CFO of Boeing and has served in that role since August 2021. In this role, West leads all aspects of Boeing's financial strategy, performance, as well as investor relations, treasury, controller, and audit operations. West also oversees the Company's business transformation efforts and has executive responsibility for the Company's global financing arm, Boeing Capital Corporation. During the Class Period, West reported to Defendant Calhoun and served on the Company's Executive Council, a group of executives that oversees Boeing's day-to-day operations. West participated in earnings calls and conferences with securities analysts, during which he made false and misleading statements and omissions of material fact, as alleged herein.

40. Defendants Muilenburg, Calhoun, Smith, and West—*i.e.*, the Individual Defendants—because of their high-level positions at Boeing, each possessed the power and authority to control the contents of Boeing's reports to the SEC, press releases, and presentations to securities analysts, portfolio managers, and institutional investors, *i.e.*, the investing public.

41. Boeing is liable for the acts of the Individual Defendants and its employees under the doctrine of *respondeat superior* and common law principles of agency because all of the wrongful acts complained of herein were carried out within the scope of their employment.

IV. SUBSTANTIVE ALLEGATIONS OF FRAUD

A. Overview of The Boeing Company

42. Boeing is one of the largest and most well-known global aircraft manufacturers, producing some of the world's most frequently flown commercial aircraft. Within the U.S., Boeing has a dominant position in the manufacturing of large commercial aircraft.

43. The Company operates in three reportable business segments: (1) the Commercial Airplanes Segment, which develops, produces, and markets commercial jet aircraft to the worldwide commercial airline industry, including the 737, 747, 767, 777, and 787 aircraft models; (2) the Defense, Space and Security Segment, which develops and produces military aircraft and weapons systems; and (3) the Global Services Segment, which provides services to Boeing's commercial and defense customers. At issue in this Action is Boeing's Commercial Airplanes Segment.

44. The Commercial Airplanes Segment is Boeing's largest and most profitable segment. By way of illustration, in 2023, Boeing's Commercial Airplanes Segment generated \$33.9 billion of revenue, while Boeing's Defense, Space and Security Segment generated \$24.9 billion of revenue, and Boeing's Global Services Segment generated \$19.1 billion of revenue.

45. The Commercial Airplanes Segment of Boeing generates revenue by manufacturing and delivering commercial airplanes to its customers, such as airlines. For example, on January 31, 2024, Boeing announced that it delivered 157 commercial airplanes to its customers in Q4 2023, at a rate of 5 deliveries per month for the 787 and 38 deliveries per month for the 737. While Boeing uses suppliers and subcontractors to meet "delivery schedules at [Boeing's] anticipated costs," Boeing ultimately purports to maintain "an extensive qualification

and performance surveillance system”² over such suppliers and subcontractors in the building of the aircraft. As described by *NBC News*, “Boeing likes to think of itself as an expert in getting all the parts in the right place at the right time, and then putting them together quickly.”

46. During the Class Period, according to the Company’s website, there were three major manufacturing and production facilities in which Boeing built and assembled its aircraft: (1) the Everett, Washington facility (which produced the 747, 767, 777, and 787 aircraft); (2) the Renton, Washington facility (which produced the 737 aircraft); and (3) the North Charleston, South Carolina facility (which produced the 787 aircraft).

47. While the 737 was Boeing’s best-selling plane during the Class Period, the Company manufactured a variety of commercial aircraft. The chart below, taken from Boeing’s 2023 Annual Report, reflects how many deliveries were made per type of aircraft that Boeing manufactured in recent years within its Commercial Airplanes Segment:

	737 *	747	767 *	777	787	Total
2023						
Cumulative deliveries	8,528	1,573	1,303	1,727	1,110	
Deliveries	396 ⁽⁹⁾	1	32 ⁽¹⁴⁾	26	73	528
2022						
Cumulative deliveries	8,132	1,572	1,271	1,701	1,037	
Deliveries	387 ⁽¹³⁾	5	33 ⁽¹⁵⁾	24	31	480
2021						
Cumulative deliveries	7,745	1,567	1,238	1,677	1,006	
Deliveries	263 ⁽¹⁶⁾	7	32 ⁽¹³⁾	24	14	340

* Intercompany deliveries identified by parentheses

48. In Boeing’s 2020 Annual Report, the Company disclosed the number of deliveries for 2018, 2019, and 2020:

[diagram on next page]

² Boeing 2020 Form 10-K at 4.

	737 *	747	767 *	777 †	787	Total
2020						
Cumulative deliveries	7,482	1,560	1,206	1,653	992	
Deliveries	43 ⁽¹⁴⁾	5	30 ⁽¹¹⁾	26	53	157
2019						
Cumulative deliveries	7,439	1,555	1,176	1,627	939	
Deliveries	127 ⁽¹⁹⁾	7	43 ⁽²³⁾	45 ⁽²⁾	158	380
2018						
Cumulative deliveries	7,312	1,548	1,133	1,582	781	
Deliveries	580 ⁽¹⁸⁾	6	27 ⁽¹⁰⁾	48	145	806

* Intercompany deliveries identified by parentheses

† Aircraft accounted for as revenues by BCA and as operating leases in consolidation identified by parentheses

B. Boeing’s Intense Competition with Airbus and the Origin of the 737 MAX

49. The European multinational aerospace corporation Airbus SE (“Airbus”) is Boeing’s only meaningful competitor in the commercial aircraft market, with the competition between Airbus and Boeing characterized as a “duopoly.” During the Class Period, this duopoly dominated the commercial aerospace market, accounting for 99% of large commercial plane orders.

50. Boeing and Airbus have been fierce competitors for many years. On December 1, 2010, Airbus announced plans for its “A320neo” aircraft—a revamped version of its A320 airplane that would be more fuel efficient than the existing version of the A320 plane.

51. As the *New York Times* reported, Boeing felt intense competitive pressures from Airbus’ new aircraft. For example, in the spring of 2011, Boeing faced an “unthinkable defection,” as “American Airlines, an exclusive Boeing customer for more than a decade, was ready to place

an order for hundreds of [the] new, fuel-efficient jets from the world's other major aircraft manufacturer, Airbus.”³

52. While Boeing had previously been planning a new aircraft, “[t]o win over American,” and more quickly compete with the A320neo, “Boeing ditched the idea of developing a new passenger plane, which would take a decade. Instead, it decided to update its workhorse 737, promising the plane would be done [*i.e.*, upgraded] in six years.”⁴ The Boeing 737 MAX was “born roughly three months later” as a direct competitor to the Airbus A320neo.⁵

53. On January 29, 2016, the Boeing 737 MAX experienced its first test flight, and was certified by the FAA in March 2017. The first delivery of a Boeing 737 MAX was on May 16, 2017.

C. Within a Five-Month Period, Two Boeing 737 MAX Airplanes Crashed, Killing 346 People in Total

1. The October 2018 Lion Air Flight 737 MAX Crash

54. On the morning of October 29, 2018, Lion Air Flight JT 610—a Boeing 737 MAX 8—took off from Soekarno-Hatta International Airport in Jakarta, Indonesia. Just 11 minutes after takeoff, the plane plunged into the Java Sea. All 189 passengers and crew on board died and the airplane was destroyed.

55. The mechanical issue that caused the Lion Air Crash stemmed from the Boeing 737 MAX's Maneuvering Characteristics Augmentation System (“MCAS”). According to a September 2020 Final Committee Report published by the House Committee on Transportation &

³ David Gelles, et al., *Boeing was ‘Go, Go, Go’ to Beat Airbus With the 737 Max*, N.Y. TIMES (Mar. 23, 2019), <https://www.nytimes.com/2019/03/23/business/boeing-737-max-crash.html> (last visited on May 22, 2024).

⁴ *Id.*

⁵ *Id.*

Infrastructure, the MCAS “had the ability to trigger non-pilot-commanded flight control movements that could place the airplane into a dangerous nose-down attitude that challenged the pilots’ ability to control the aircraft.” The MCAS system operated on input from a sensor that was externally mounted on the fuselage of the airplane.⁶

56. During the Lion Air Crash, the aircraft’s faulty sensor reported that the plane’s nose was supposedly too high and MCAS activated, driving the nose down. Incredibly, the pilots were unaware of the MCAS system or how to deal with it because Boeing did not inform pilots of MCAS’s existence. *See infra* Section IV.D.1.

2. The March 2019 Ethiopian Airlines 737 MAX Crash

57. Just five months later, another Boeing 737 MAX crashed. On March 10, 2019, Ethiopian Airlines Flight ET 302—a Boeing 737 MAX—departed Addis Ababa, Ethiopia, bound for Nairobi, Kenya. Boeing had delivered the brand-new airplane to Ethiopian Airlines just four months earlier. Within minutes after takeoff, based on faulty sensor data, the MCAS software activated and forced the nose of the plane downwards. Ethiopian Airlines Flight ET 302 crashed, killing all 157 people on board.

D. The Public Comes to Understand That Boeing Was at Fault for the Crashes

58. Following the Lion Air Crash and the Ethiopian Airlines Crash, numerous regulatory, government, and agency investigations followed, spanning both houses of Congress, the NTSB, the DOJ, the FAA, and the SEC. The results of the investigations made it clear that Boeing was at fault for the Crashes.

⁶ The “fuselage” of an airplane simply refers to the body of the airplane. NASA Glenn Research Center, *Fuselage*, NAT’L AERONAUTICS & SPACE ADMIN., <https://www.grc.nasa.gov/www/k-12/VirtualAero/BottleRocket/airplane/fuselage.html> (last visited May 22, 2024).

1. Congressional Investigations and Findings

59. On March 13, 2019, the FAA grounded all Boeing 737 MAX aircraft, following a determination by safety regulators in approximately 42 other countries to ban flights by the 737 MAX.

60. On October 29, 2019, after months of investigation by many different agencies, Boeing executives were called to testify before the Senate Committee on Commerce, Science, and Transportation in hearing titled “Aviation Safety and the Future of Boeing’s 737 Max.” Senators castigated Defendant Muilenburg for safety and quality control problems in Boeing aircraft, and for not sufficiently informing pilots about changes Boeing made to the 737 MAX, including its defective MCAS system.

61. The public revelation of a trove of internal Boeing emails and instant messages in October 2019 demonstrated the depth of the Company’s disregard for safety. Boeing not only hid the MCAS system and its fatal flaws from pilots, but also knowingly lied about them to the FAA.⁷

62. Among the actors involved was Mark Forkner, Boeing’s 737 MAX Chief Technical Pilot and the primary liaison with the FAA on pilot training for the 737 MAX. On March 30, 2016, Forkner requested that the FAA approve Boeing’s decision to “remov[e] all reference[s] to MCAS from the FCOM [*i.e.*, the Flight Crew Operations Manual, which was the flight manual provided to the aircraft’s crew] and the training as we discussed.”

⁷ These facts are derived, in part, from the January 2021 Department of Justice’s Deferred Prosecution Agreement with Defendant Boeing. This Deferred Prosecution Agreement was signed by Defendant Calhoun on January 6, 2021, and Boeing stipulated and agreed that all the facts within the Statement of Facts are true and accurate. Defendant Boeing also admitted that it was and is responsible for the acts set out therein, including the acts of Mark Forkner. *See United States v. Boeing Co.*, No. 4:21-cr-00005, Dkt. No. 4 (N.D. Tex. Jan. 7, 2021), Deferred Prosecution Agreement, Attachment A, ¶1.

63. The FAA agreed to Boeing's request, and the 737 MAX's FCOM only mentioned the term MCAS once, in just a brief reference in the manual's index. Forkner would later brag about "jedi-mind tricking [FAA] regulators" into accepting inadequate 737 MAX training for pilots.

64. Additionally, in November 2016, Forkner conducted a 737 MAX flight and personally experienced MCAS activating at a lower speed than he anticipated, which prompted an exchange with Patrick Gustavsson (another Technical Pilot on Forkner's team), in which Forkner admitted to lying to FAA regulators concerning the MCAS system:

Forkner: Oh shocker alert! [sic] / MCAS is now active down to M[ach].2 / It's running rampant in the sim on me / at least that's what [a Boeing engineer] thinks is happening

Gustavsson: Oh great, that means we have to update the speed trim description in vol 2

Forkner: so I basically lied to the regulators (unknowingly)

65. Forkner did **not** correct the record. Boeing's 737 MAX Flight Technical Team—which included Forkner—was principally responsible for identifying and providing to the FAA all information that was relevant to the FAA in connection with the FAA's publication of the 737 MAX Flight Standardization Board ("FSB") Report.⁸ The DOJ would later find that neither Forkner nor the other Boeing employees "shared the fact of MCAS's expanded operational scope" with the FAA—nor did Boeing "otherwise correct[] the [FAA]'s misimpression that MCAS's operational scope was limited to high-speed, wind-up turns."

⁸ At the conclusion of the FAA's evaluation of a new version of an airplane (like the 737 MAX), the FAA publishes an FSB Report. Among other things, the FSB Report contains relevant information about certain airplane systems and parts that the airplane manufacturers are required to incorporate into airplane manuals and pilot-training materials.

66. By January or February 2019—before the March 2019 Ethiopian Airlines Crash—Defendant Muilenburg learned about these alarming communications involving Forkner.⁹ Despite receiving this information, Muilenburg did *nothing*. As Senator Tammy Duckworth stated to Defendant Muilenburg during an October 29, 2019 Senate hearing: “You set those pilots up for failure.”

67. In September 2020—and following a comprehensive 18-month investigation—the United States House Committee on Transportation & Infrastructure issued a report finding that Boeing was to blame. Specifically, the report found, *inter alia*: (1) “Costs, schedule, and production pressures at Boeing undermined safety of the 737 MAX;” (2) “Boeing failed to appropriately classify MCAS as a safety-critical system, concealed critical information about MCAS from pilots, and sought to diminish focus on MCAS as a ‘new function’ in order to avoid increased costs, and ‘greater certification and training impact;” (3) “Boeing concealed information from the FAA, its customers, and pilots that the AOA Disagree alerts [related to the sensors on the outside of the aircraft] were inoperable on most of the 737 MAX fleet, despite their operation being ‘mandatory’ on all 737 MAX aircraft;” (4) “Boeing’s economic incentives led the company to a significant lack of transparency with the FAA, its customers, and 737 MAX pilots regarding pilot training requirements and negatively compromised safety;” and (5) Boeing “gambled with the public’s safety in the aftermath of the Lion Air crash, resulting in the death of 157 more individuals on Ethiopian Airlines flight 302, less than five months later.”¹⁰

⁹ The SEC also found that these Forkner messages were made known to Defendant Muilenburg through Boeing in-house counsel “[i]n or around January 2019.” SEC Settlement Order at ¶¶61-62 (available at <https://www.sec.gov/files/litigation/admin/2022/33-11105.pdf>).

¹⁰ Lead Plaintiffs incorporate by reference to this Amended Complaint both the (1) House Committee on Transportation & Infrastructure Final Committee: *The Design, Development & Certification of the Boeing 737 MAX* (September 2020) report, and (2) the United States Senate

Footnote continued on next page

68. As the House Committee on Transportation & Infrastructure report concluded, “[i]n the push to produce an economically and operationally viable aircraft to compete with Airbus’s A320neo, Boeing undermined safety, tarnished its reputation, and as a result of the MAX’s grounding, created severe financial consequences for its customer airlines and for itself. Most importantly, these combined actions and faulty assumptions led to two tragic accidents and the death of 346 people.”¹¹

2. The NTSB Issues a Final Report, and Muilenburg Is Fired

69. The NTSB conducted a formal investigation of the Crashes.

70. The NTSB’s final report, dated September 19, 2019, recommended that the FAA require that “Boeing (1) ensure that system safety assessments for the 737 MAX [concerning systems such as MCAS] consider the effect of all possible flight deck alerts and indications on pilot recognition and response; and (2) incorporate design enhancements (including flight deck alerts and indications), pilot procedures, and/or training requirements, where needed, to minimize the potential for and safety impact of pilot actions that are inconsistent with manufacturer assumptions. (A-19-10).”

71. On December 23, 2019, Boeing fired Defendant Muilenburg—who, according to the *New York Times*, “was unable to stabilize the [C]ompany after two crashes involving its best-selling 737 MAX plane killed 346 people and set off the worst crises in the manufacturing giant’s 103-year history.” Boeing announced that day through a press release that “[t]he Board of Directors [had] decided that a change in leadership was necessary to restore confidence in the

Committee on Commerce, Science, Transportation: *Aviation Safety Oversight* (December 2020) report.

¹¹ House Committee on Transportation & Infrastructure Final Committee: *The Design, Development & Certification of the Boeing 737 MAX* (September 2020).

Company moving forward as it works to repair relationships with regulators customers, and all other stakeholders.” On the same day, Boeing appointed Chairman of the Board, Defendant Calhoun, as CEO of the Company, effective January 13, 2020.

3. The FAA Grounding Order and Mandates

72. Three days after the Ethiopian Airlines Crash, on March 13, 2019, the FAA issued a “Grounding Order” on all Boeing 737 MAX airplanes, effectively preventing any 737 MAX plane from taking flight—and costing the Company “billions” of dollars in revenue, as no airline was able to take delivery of the aircraft.

73. Following the grounding, the FAA and Boeing began a process to recertify the 737 MAX for flight. The FAA engaged with Boeing, airlines, international civil aviation regulators, and independent review panels investigating the Crashes. According to the FAA, “[t]his work resulted in the identification of seven safety issues that played a role in the two accidents.”¹²

74. On November 18, 2020, the FAA published an order that paved the way for the Boeing 737 MAX to return to commercial service. According to the FAA, the order followed a “comprehensive and methodical safety review process that took 20 months to complete.”¹³

75. The FAA also specified “design changes that must be made before the [737 MAX] aircraft return[ed] to service.”¹⁴

¹² BOEING 737 MAX TIMELINE, FED. AVIATION ADMIN. (Aug. 2011), https://www.faa.gov/sites/faa.gov/files/2022-08/737_MAX_Timeline.pdf (last visited on May 22, 2024).

¹³ Press Release, Fed. Aviation Admin., FAA Statement on Backup Power Control Unit Manufacturing Issue (Apr. 8, 2021), <https://www.faa.gov/newsroom/faa-updates-boeing-737-max-0>.

¹⁴ *Id.*

76. In response, Boeing asserted that these directives were an “important milestone” in returning the 737 MAX aircraft to service. In December 2020, the 737 MAX resumed service in the U.S., with United Airlines receiving a delivery of the aircraft on December 8, 2020. Throughout 2021, the 737 MAX returned to service in other countries.

4. The Aircraft Certification, Safety, and Accountability Act

77. In response to the Crashes, Congress passed the Aircraft Certification, Safety, and Accountability Act on December 27, 2020, which, according to Chair of the House Committee on Transportation and Infrastructure Peter DeFazio, “[was] the result of nearly two years of intense investigation in my Committee, multiple public hearings on both sides of the Capitol, and countless conversations with the families of the victims and the aviation community about how best to address the failings that led to the development of a fatally-flawed aircraft[.]”

78. Similarly, Senator Roger Wicker stated that “[a]fter reviewing the evidence from incident reports, soliciting recommendations from aviation experts, speaking to witnesses and stakeholders, and holding a series of hearings, this bill was drafted in *direct response* to information stemming from the fatal crashes involving the Boeing 737 MAX aircraft.”

79. In summarizing the Aircraft Certification, Safety, and Accountability Act, the House Committee on Transportation and Infrastructure indicated that it: (1) “[o]rders an independent review of Boeing’s organization delegation authorization (‘ODA’)¹⁵, safety culture,

¹⁵ ODA refers to the “Organization Designation Authorization.” In the 1920s, Congress provided the FAA authority to delegate discretionary functions. Congress in 2005 expanded organizational delegations (*i.e.*, ODAs), to allow an organization in performing aircraft certification functions to apply for an ODA. An ODA allows an aircraft manufacturing company—like Boeing—to make findings and issue certificates – *i.e.*, perform discretionary functions in engineering, manufacturing, operations, airworthiness, or maintenance – on behalf of the FAA. *See Section 103 Organization Designation Authorizations (ODA) for Transport Airplanes Expert Panel Review Report*, https://www.faa.gov/newsroom/Sec103_ExpertPanelReview_Report_Final.pdf (last accessed on May 22, 2024).

and capability to perform FAA-delegated functions;” (2) “[l]ocks in new requirements on the disclosure of safety-critical systems;” (3) “[e]xpands whistleblower protections;” and (4) “[r]equires aviation manufacturers to adopt safety management systems.”

80. Boeing’s “safety management system,” pursuant to the Aircraft Certification, Safety, and Accountability Act, is described further below, *infra* at Section IV.E.3.

5. The DOJ Charges Boeing with Criminal Fraud and Enters into a Deferred Prosecution Agreement with Boeing

81. In light of Boeing’s egregious conduct that caused the Crashes, the DOJ charged Boeing with conspiracy to defraud the FAA. On January 7, 2021, the DOJ entered into a \$2.5 billion settlement and Deferred Prosecution Agreement with Boeing. As part of the DPA, Boeing established a \$500 million fund to compensate the families of those who died in the Crashes and paid a fine of nearly \$244 million. Boeing also was required to pay \$1.77 billion in compensation to its airline customers who were unable to use or take deliveries of the 737 MAX.¹⁶

82. Defendant Calhoun signed the DPA on January 6, 2021, stating that “this resolution is . . . a step that appropriately acknowledges how we fell short of our values and expectations. This resolution is a serious reminder to all of us of how critical our obligation of transparency to regulators is, and the consequences that our company can face if any of one of us falls short of those expectations.”

83. The term of the DPA was three years, and was set to expire on January 7, 2024, just two days after the Alaska Airlines Incident, discussed below.

¹⁶ The 737 MAX was grounded in the U.S. until the end of 2020. Throughout 2021, other countries de-grounded the aircraft.

84. In addition to the monetary penalties and establishing the fund for the victims' families, Boeing was required under the DPA to institute (1) a "Corporate Compliance Program" and (2) "Enhanced Corporate Compliance Reporting."

85. In entering into the DPA, the DOJ relied upon the fact that Boeing agreed to adopt various measures related to safety detailed below, *infra* at Section IV.E.1.

6. Boeing Admits Fault

86. In November 2021, Boeing entered into a settlement with the families of the 157 victims of the Ethiopian Airlines Crash, in which Boeing admitted full responsibility, stating that it "produced an airplane that had an unsafe condition," and that it would not seek to blame any other party, specifically including the pilots.

7. The SEC Orders Boeing to Pay \$200 Million For Securities Fraud Regarding Boeing's Statements About Safety

87. On September 22, 2022, Boeing entered a \$200 million agreement with the SEC to settle allegations that it had misled investors about the 737 MAX's overall safety after the Crashes.

88. The first misstatement alleged in the SEC action occurred on November 27, 2018, in a Boeing press release. There, the SEC alleged that Boeing had "cherry-picked" findings from a preliminary report from investigators of the Lion Air Crash—downplaying that report's discussion of mechanical and design issues in the 737 MAX airplane. At the same time, Boeing falsely stated in that press release that "the 737 MAX is as safe as any airplane that has ever flown the skies."

89. The SEC alleged that statement to be "misleading under the circumstances absent any discussion of an 'airplane safety issue' that required remediation by fixing the MCAS software." The SEC further alleged that a "*reasonable investor would have considered the*

statement in the November 2018 Press Release that ‘*the 737 MAX is as safe as any airplane* that has ever flown the skies’ . . . *to be material.*”

90. The SEC action also alleged that, on April 29, 2019, after the Crashes and during a press conference following Boeing’s annual shareholders’ meeting, Defendant Muilenburg materially misled investors by stating: “We have gone back and confirmed again . . . that we followed exactly the steps in our design and certification processes that consistently produce safe airplanes. It was designed per our standards. It was certified per our standards.”

91. In addition to the \$200 million paid by Boeing for securities fraud, Defendant Muilenburg was also required personally to pay a \$1 million civil penalty as part of the SEC settlement.

92. The director of the SEC Enforcement division, in commenting on the settlement, explained that “Boeing and Muilenburg put profits over people by *misleading investors about the safety of the 737 MAX* all in an effort to rehabilitate Boeing’s image following two tragic accidents that resulted in the loss of 346 lives and incalculable grief to so many families.”

8. Boeing Falls Behind in Its Competition with Airbus

93. The Crashes in 2018 and 2019 had a devastating effect on Boeing. In addition to fees, fines, settlements, and regulatory and public scrutiny, Boeing began to lose its competitive fight with Airbus.

94. In 2018, Airbus planes accounted for 45.3% of the commercial aircraft market—second only to Boeing. Following the Crashes, Boeing’s financial results suffered significantly, driven almost entirely by challenges within the Commercial Airplanes Segment. In 2019, Airbus overtook Boeing in the commercial aircraft market segment, increasing its market share to 62.5%.

95. In 2018, before the effects of the Crashes were felt, Boeing reported total revenues of \$101 billion and an operating profit of nearly \$12 billion. In 2019, Boeing’s revenues dropped

to \$76.4 billion, and to date, have not recovered to the level before the Crashes. In 2020, Boeing's revenues were \$58.1 billion; \$62.2 billion in 2021; \$66.6 billion in 2022; and \$77.8 billion in 2023—far short of the reported \$101 billion for 2018.

96. Further, the Company has reported an operating loss in each of the past five years since the Crashes, with losses of \$2 billion in 2019, \$12.8 billion in 2020, \$2.9 billion in 2021, \$3.5 billion in 2022, and \$773 million in 2023.

E. In the Aftermath of the Devastating Crashes, Boeing Assured Investors That It Would Implement “Enterprise-Wide” Safety Policies and Practices

97. In the aftermath of the biggest scandal in the Company's history, Defendants repeatedly sought to assuage the investing public about Boeing's safety and manufacturing quality, including by linking such assurances to (1) the adoption of certain Independent Recommendations (defined below); (2) the DOJ Deferred Prosecution Agreement; and (3) Boeing's Corporate Code of Conduct, Values, and Safety Management System.

1. Boeing Proposes and Adopts Independent Recommendations

98. On April 29, 2019, in Boeing's 2019 Address to Shareholders, Defendant Muilenburg publicly announced the establishment of a Committee on Airplane Policies and Processes—comprised of independent members of Boeing's Board of Directors.

99. The Committee on Airplane Policies and Processes was tasked with reviewing Boeing's safety and quality control policies and practices on a Company-wide basis. Defendant Muilenburg stated that this was an effort to address safety issues in light of the Crashes:

When an accident occurs, we feel it deeply across our company because all of us understand that lives depend on what we do. We hold ourselves to the *highest standards of safety, quality and integrity in our work because the stakes could not be higher*. It demands the utmost excellence. *These enduring values are at the core of everything we do*. Yet, we know we can always be better. We have a responsibility to design, build and support the safest

airplanes in the sky. The recent accidents have only intensified our dedication to it.

Our leadership role is clear, our commitment to our values is resolute, and our pursuit of excellence is never ending. We own it. ***When it comes to safety, there are no competing priorities.*** This is clear in the steps we've taken since the accidents, and in our performance in the past year and throughout our history centered on safety, quality and integrity. I'll focus on these three important values today. ***It all starts with safety. . . . There is nothing more important to us than the safety of our airline customers and their passengers.***

We don't make safety features optional. ***Safety has been and always will be our top priority,*** and every one of our airplanes includes all of the safety features necessary for safe flight.

* * *

As we improve safety, we also continue to prioritize productivity and quality – mutually reinforcing objectives that are never at odds. We're taking steps to transform our approach to first-time quality through an enterprise-wide effort that was launched earlier this year. It's about eliminating non-value-added tasks, waste and rework regardless of where they occur in the organization. In addition, we're streamlining our enterprise systems and processes, creating the digital engineering, manufacturing and supply chain capabilities that will enable our future.

* * *

In light of our commitment to continuous improvement, I've also asked the Boeing Board of Directors to establish a committee to review our companywide policies and processes for the design and development of the airplanes we build. With their collective experience and expertise, the committee members will confirm the effectiveness of our policies and processes for assuring the highest level of safety on the 737 MAX program, as well as our other airplane programs, and recommend improvements where necessary.

We know every person who steps aboard one of our airplanes places their trust in us.

100. On September 25, 2019, Boeing issued a press release, titled, "*Boeing Chairman, President and CEO Dennis Muilenburg and Boeing Board of Directors Reaffirm Company's Commitment to Safety.*" In this press release, Boeing announced that the Board had adopted, in

full, the recommendations (the “Independent Recommendations”) of the Committee on Airplane Policies and Processes. According to the September 25, 2019 press release, the Independent Recommendations “[were] currently being addressed by Muilenburg and senior [C]ompany leadership, and it is expected the [C]ompany will announce specific actions that will be taken in response to the [B]oard’s independent work.” In the September 25, 2019 press release, Boeing explained that it had “amended the [C]ompany’s Governance Principles to include safety-related experience as one of the criteria it will consider in choosing future directors” for the Board.

101. On September 30, 2019—the first day of the Class Period—Defendant Muilenburg announced in a Company press release that Boeing’s executive management had adopted the Independent Recommendations and that the Company will “implement” those recommendations. Muilenburg stated in this press release that “*[s]afety is at the core of who we are at Boeing*, and the recent 737 MAX accidents will always weigh heavily on us. They have reminded us again of the importance of our work and have only intensified our commitment to continuously improve the safety of our products and services[.] . . . My team and I embrace our board’s recommendations and are taking *immediate steps to implement them across the [C]ompany.*”

102. Boeing then presented these Independent Recommendations to investors in the Company’s Q3 2019 earnings call, on October 23, 2019, in a slide deck presentation:

[diagram on next page]

737 MAX Return-to-Service Update**STRENGTHENING THE CULTURE OF SAFETY**

at Boeing and industry-wide

1 PERMANENT AEROSPACE SAFETY BOARD COMMITTEE	2 ENTERPRISE PRODUCT & SERVICES SAFETY ORGANIZATION	3 ENTERPRISE ENGINEERING REALIGNMENT	4 DESIGN REQUIREMENTS PROGRAM	5 ENHANCED CONTINUED OPERATION SAFETY PROGRAM
6 FLIGHT DECK DESIGN AND OPERATION ASSESSMENT	7 SAFETY PROMOTION CENTER EXPANSION	8 STRENGTHENED SAFETY SYSTEMS	9 LEADERSHIP IN NEW CAPABILITIES	10 TALENT INVESTMENT

103. As detailed below, these Independent Recommendations were, according to Boeing, designed to create a system of monitoring and reporting to the highest-level executives at Boeing.

104. **Aerospace Safety Committee of the Board.** According to Boeing’s September 25, 2019 press release, the Board formally approved the creation of a permanent Aerospace Safety Committee. The Aerospace Safety Committee’s primary responsibility was to “oversee and ensure the safe design, development, manufacture, production, operation, maintenance and delivery of the company’s aerospace products and services.”¹⁷

¹⁷ Further, according to a March 11, 2022 Proxy Statement filed by Boeing with the SEC, “[i]n 2021, the Board has received and discussed reporting from management, including the Chief Aerospace Safety Officer, regarding the performance of Boeing’s Safety Management System and other significant safety initiatives.” This reporting structure from senior management of the Company—including the Individual Defendants—to the Board, continued throughout the Class Period, as reflected in the March 3, 2023 Proxy Statement filed by Boeing with the SEC: “Each meeting of the Aerospace Safety Committee includes updates on significant safety issues, including significant safety events that have occurred, as well as information sufficient to understand management’s judgement in developing new safety policies and procedures, or in addressing significant safety events. *The Board also regularly receives and discusses reporting*

Footnote continued on next page

105. **“Enterprise-Wide” Product and Services Safety Organization.** According to Boeing’s September 25, 2019 press release, this organization would “report *directly to senior [C]ompany leadership* and the [B]oard’s Aerospace Safety Committee.” Further, “The organization’s responsibilities would include *reviewing all aspect of product safety*, including investigating cases of undue pressure and anonymous product and service safety concerns raised by employees. The organization also would maintain oversight of the [C]ompany’s Accident Investigation Team and the [C]ompany’s safety review boards.” The press release characterized this organization as an “enterprise-wide” organization, meaning that the focus on safety practices and safety culture would encompass *all* of the Company’s operations and divisions.

106. **Enterprise Engineering Realignment.** Boeing’s September 25, 2019 press release also stated that the Company reorganized the reporting structure at Boeing, including within the new Product and Services Safety organization, which would “report directly to the chief engineer, who in turn reports directly to the [C]ompany’s [CEO].” Defendant Muilenburg confirmed this chain of reporting in the Company’s Q3 2019 earnings call, stating that “we’re strengthening and elevating our engineering function through a direct reporting line to Boeing’s Chief Engineer *who reports to me.*” According to Boeing, as stated in the Company’s September 25, 2019 press release: “The [B]oard believes the recommended realignment would strengthen the [C]ompany’s Engineering function, promote continued companywide focus on customer, business unit and operational priorities, and result in an even greater emphasis on safety.”

107. **Design Requirements Program.** According to the September 25, 2019 press release, the formal Design Requirements Program would “incorporate historical design materials,

from management, including the Chief Aerospace Safety Officer, regarding the performance of Boeing’s Safety Management System and other significant safety initiatives.”

data and information, best practices, lessons learned and detailed after-action reports” into the design of new aircraft. Further, “[t]he [B]oard believes this will reinforce Boeing’s commitment to continuous improvement and a culture of learning and innovation.”

108. **Enhanced Continued Operation Safety Program.** The Company also amended its Operation Safety Program to require all safety and potential safety reports to be provided to the chief engineer, which, as asserted by Boeing, would then report directly to the CEO of Boeing. The September 25, 2019 press release stated that “[t]his requirement would increase transparency and *ensure safety reports from all levels of the [C]ompany are reviewed by senior management.*”

109. **Flight Deck Design and Operation Assessment.** The September 25, 2019 press release further explained that Boeing would “partner with its airline customers and others in the industry to re-examine assumptions around flight deck design and operation.” The Company adopted the Board’s recommendation that it “should work with all aviation stakeholders to advise and recommend general pilot training, methods and curricula—where warranted, above and beyond those recommended in a traditional training program—for all commercial aircraft manufactured by the [C]ompany.”

110. **Safety Promotion Center.** Boeing asserted that the Safety Promotion Center’s “role and reach” would be “extended beyond Boeing’s engineering and manufacturing communities to the [C]ompany’s global network of employees, factories, facilities and offices.” According to Boeing’s September 25, 2019 press release, this expansion would serve to “reinforce Boeing’s longstanding safety culture and remind employees and the flying public of the [C]ompany’s unyielding commitment to safety, quality and integrity.”

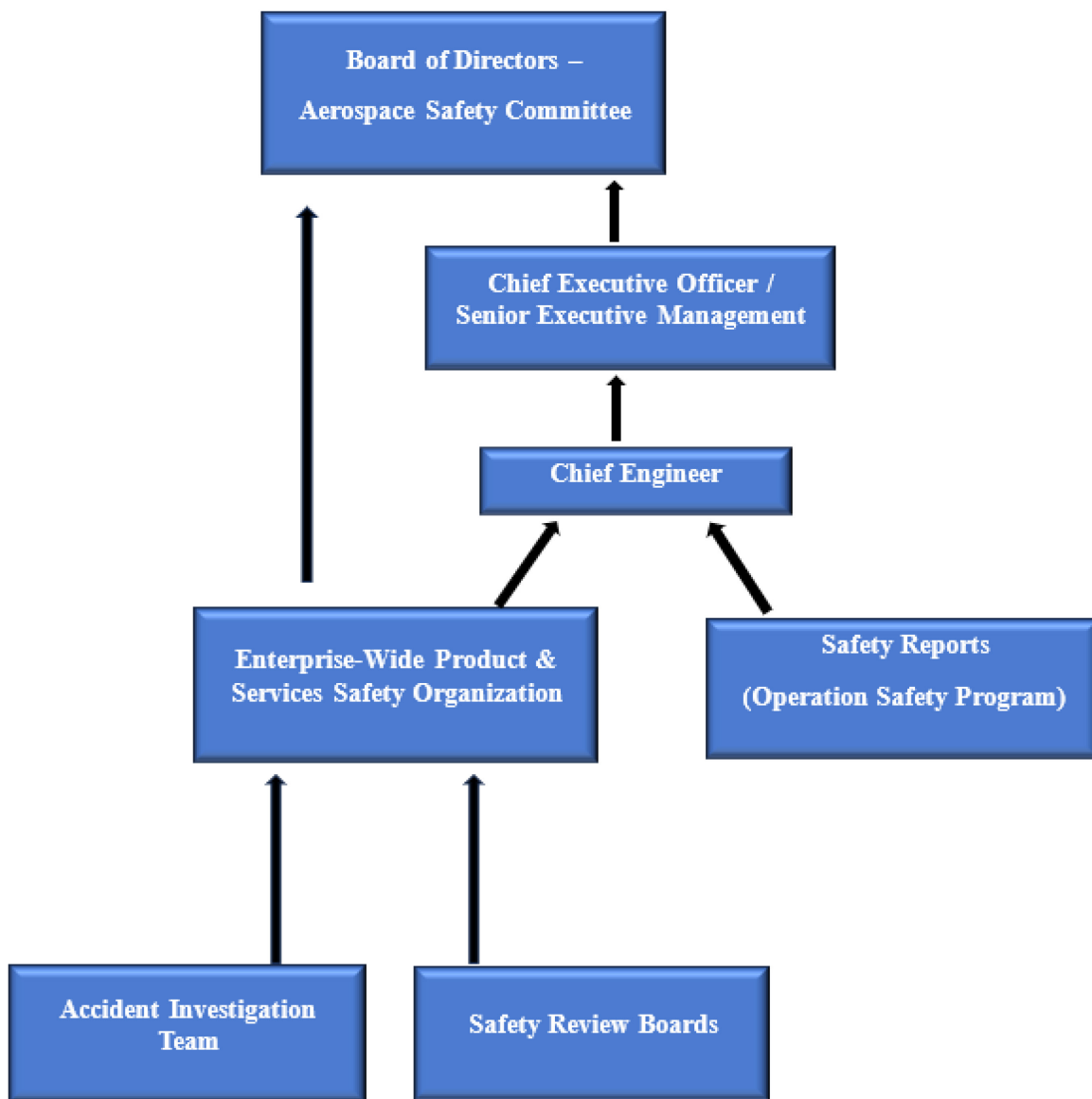
111. **Strengthened Safety Systems.** Defendant Muilenburg then indicated in the Company’s Q3 2019 earnings call that Boeing would be “broadening the use of a comprehensive

safety management system and safety review boards.” Muilenburg claimed that the implementation and “broadening” of this safety management system and safety review boards would drive a “[C]ompany-wide approach to safety, quality and integrity that strengthens our vision and serves to reinforce and improve our operational performance.”

112. **Leadership / Talent Investment.** Further, in the Q3 2019 earnings call, Defendant Muilenburg expanded on this initiative, stating that Boeing would “also continue to invest in talent for the future[,]” and that “[a]s we announce yesterday, we made several leadership changes that will further strengthen our [C]ompany during a challenging time. Stan Deal has succeeded Kevin McAllister as President and CEO of Boeing Commercial Airplanes and Ted Colbert has succeeded Stan Deal as President and CEO of Boeing Global Services effective immediately.”

113. The above reorganization, reporting, and safety reform efforts, pursuant to the Independent Recommendations that were adopted by the Company at the start of the Class Period, can thus be diagramed as follows:

[diagram on next page]



114. As shown in the above diagram, the reorganization of Boeing created a direct line of reporting and flow of information from the Enterprise-Wide Product and Services Safety Organization—which was responsible for “reviewing all aspects of product safety, including investigating cases of undue pressure and anonymous product and service safety concerns raised by employees”—to the Aerospace Safety Committee and the Chief Engineer, who reported directly to the CEO.

115. All “safety and potential safety reports”—pursuant to the Operation Safety Program—were sent directly to the Chief Engineer. The Chief Engineer reported directly to the CEO. This reporting structure under the Operation Safety Program was done “to increase transparency and *ensure safety reports from all levels of the [C]ompany are reviewed by senior management*”—which includes the Individual Defendants—as revealed by Boeing’s September 25, 2019 press release.

116. Furthermore, “Safety Review” meetings of all “safety and potential safety reports” were “conducted weekly to increase transparency and ensure visibility of all safety-related issues[,]” as confirmed by Boeing’s Chief Aerospace Safety Officer Report. Among the attendees of these meetings are the Presidents of all business units, Boeing’s Chief Engineer (who reported directly to the CEO), and members of the FAA—all in an effort to ensure that “safety reports from all levels of the [C]ompany” are reviewed by Boeing’s “*senior management*”—which includes the Individual Defendants. This was further confirmed by Chief Engineer Gregory Hyslop at Boeing’s November 2, 2022 Investor Day Conference, wherein he stated: “We review the input that comes in from our employee speak up portal.¹⁸ The reviews are characterized by transparency. The FAA attends every week at the BCA safety review. And these reviews have enabled us to identify risks more quickly *and get them elevated to Dave [Calhoun]*¹⁹ and to our Board of Directors.”

117. In the aftermath of the Crashes, these efforts helped assure investors that Boeing had learned from the Crashes and was making meaningful changes to prioritize safety. For example, Jefferies issued an analyst report on October 29, 2019, which explained: “Boeing has

¹⁸ According to Boeing, the “Speak Up” portal is where Boeing employees can lodge their complaints and concerns.

¹⁹ At this time, Defendant Calhoun was CEO of the Company.

learned from both accidents and identified the changes required for the 737 MAX to be safe.” The report summarized Boeing’s “10 steps to improve safety culture” and the Independent Recommendations. Morningstar Equity Research also commented favorably concerning the Independent Recommendations in its December 23, 2019 analyst report, stating that “[t]he [C]ompany has created a Product and Services Safety organization that reports directly to the [B]oard of [D]irectors, which directly addresses the criticism that Boeing employees did not have enough channels to express safety concerns. Boeing has also added a safety committee at the [B]oard level, to ensure that these issues are continuously being discussed.”

118. Investors also understood that Boeing’s executive management would need to continue to implement these safety reforms effectively in the years that followed. For example, in commenting on the change of leadership from Defendant Muilenburg to Defendant Calhoun as CEO, Bernstein Research stated in its January 6, 2020 analyst report that “[g]oing forward cannot be business as usual, with the clear need to change processes for certification and strengthen the emphasis on safety. . . . Calhoun will need to ensure that the implementation of Boeing’s safety processes, which include a Board Aerospace Safety Committee, a new Product & Services Safety Organization, and an expansion of safety programs across [Boeing], is more than just cosmetic.”

2. The Deferred Prosecution Agreement

119. The DOJ relied on Boeing’s adoption of these Independent Recommendations in entering into the January 2021 Deferred Prosecution Agreement for a three-year period—and in refraining from pursuing immediate criminal prosecution.

120. Indeed, the DOJ expressly based one of its “Relevant Considerations” on the fact that Boeing had implemented the Independent Recommendations, stating that “[i]n consideration of the undertakings agreed to by the Company [], the Fraud Section agrees that any prosecution of

the Company for the conduct set forth in the attached Statement of Facts or Information will be and hereby is deferred for the [three-year] Term.”

121. If Boeing complied with the policies and actions listed in the DPA for the remainder of the three-year term, then “the Fraud Section shall seek dismissal with prejudice of the Information filed against the Company . . . and agree not to file charges in the future against the Company based on the conduct described in this Agreement, the attached Statement of Facts, or the Information.”

122. The DPA required Boeing to institute (1) a “Corporate Compliance Program” and (2) “Enhanced Corporate Compliance Reporting.”

123. **Corporate Compliance Program.** The Corporate Compliance Program required Boeing to certify that “it has implemented and will continue to implement a compliance and ethics program designed, implemented, and enforced to prevent and detect violations of the U.S. fraud laws throughout its operations, including those of its subsidiaries, affiliates, agents, and joint ventures, and those of its contractors and subcontractors whose responsibilities relate to the Company’s interactions with any domestic or foreign government agency (including the FAA), regulator, or any of its airline customers[.]” The DOJ also mandated that Boeing institute policies and reforms that ensure that, *inter alia*, “its directors and senior management provide strong, explicit, and visible support and commitment to its corporate policy against violations of U.S. fraud laws and its compliance codes, and demonstrate rigorous adherence by example;” “assign responsibility to one or more senior corporate executives of the Company for the implementation and oversight of the Company’s compliance code, policies, and procedures regarding U.S. fraud laws;” “implement mechanisms designed to ensure that its compliance code, policies, and procedures regarding U.S. fraud laws are effectively communicated to all directors, officers,

employees;” “maintain, or where necessary establish, an effective system for internal and, where possible, confidential reporting by, and protection of, directors, officers, and employees, and, where appropriate, agents and business partners concerning violations of U.S. fraud laws or the Company’s compliance code, policies, and procedures regarding U.S. fraud laws;” and “implement mechanisms designed to effectively enforce its compliance code, policies, and procedures, including appropriately incentivizing compliance and disciplining violations,” including any violations by the “Company’s directors, officers, and employees.”

124. **Enhanced Corporate Compliance Reporting.** The Enhanced Corporate Compliance Reporting mandate required that the Company “report to the Fraud Section [of the DOJ] periodically, at no less than three-month intervals during the Term, regarding remediation, implementation, and testing of its compliance program and internal controls, policies, and procedures described [in the previous paragraph].”

125. The DPA was signed on January 6, 2021 by Defendant Calhoun, among others.

126. The DPA also included a “Company Officer’s Certificate,” signed by Defendant Calhoun, stating: “I have provided the Agreement for review by the Company’s Board of Directors, who have been briefed on its principal terms and who have delegated authority to approve the Agreement to a subgroup of the Board of Directors[.]”

127. Boeing admitted that the DPA appropriately acknowledged how Boeing had fallen short of its oft-cited values of “safety, quality and integrity.”²⁰ Specifically, as indicated by Boeing in a January 7, 2021 statement: “David L. Calhoun, Boeing President and Chief Executive Officer, said in a note to employees: ‘I firmly believe that entering into this resolution is the right thing for us to do—a step that appropriately acknowledges how we fell short of our values and expectations.

²⁰ See *infra* at Section IV.E.3.

This resolution is a serious reminder to all of us of how critical our obligation of transparency to regulators is, and the consequences that our company can face if any one of us falls short of those expectations.” Additionally, Boeing filed an 8-K on January 7, 2021, disclosing the DPA and stating that the Company had taken a \$743.6 million charge to earnings in connection with its commitments under the agreement.

128. On January 7, 2021, the DOJ published a press release in connection with the DPA, stating:

The misleading statements, half-truths, and omissions communicated by Boeing employees to the FAA ***impeded the government’s ability to ensure the safety of the flying public . . .*** This case sends a clear message: ***The Department of Justice will hold manufacturers like Boeing accountable for defrauding regulators – especially in industries where the stakes are this high.***

129. In that same DOJ press release, Special Agent in Charge Andrea M. Kropf stated: “We continue to mourn alongside the families, loved ones, and friends of the 346 individuals who perished on Lion Air Flight 610 and Ethiopian Airlines Flight 302. . . . This landmark deferred prosecution agreement will ***forever serve as a stark reminder of the paramount importance of safety in the commercial aviation industry***, and that integrity and transparency may never be sacrificed for efficiency or profit.”

130. The DOJ expressly considered Boeing’s purported implementation of the Independent Recommendations in entering into the DPA. As the *Wall Street Journal* reported on January 7, 2021: “In determining the amount of the penalty, the Justice Department said it gave Boeing credit . . . ***for voluntarily adopting enhanced internal safety controls***[.]”

3. Boeing’s Code of Conduct, Values, and Safety Management System

131. Following the Crashes and their aftermath, Boeing also implemented various Codes of Conduct.

132. On January 31, 2020, Boeing filed with the SEC its Form 10-K, reporting the Company's financial and operational results for the full year 2019. In this 10-K, Boeing specifically incorporated by reference those various "Codes of Conduct," pointing investors to Boeing's website. As asserted by Boeing, these Codes of Conduct apply to all employees, including the CEO and directors:

We have adopted (1) The Boeing Company Code of Ethical Business Conduct for the Board of Directors; (2) The Boeing Company Code of Conduct for Finance Employees which is applicable to our Chief Executive Officer (CEO), Chief Financial Officer (CFO), Controller and all finance employees; and (3) The Boeing Code of Conduct that applies to all employees, including our CEO (collectively, the Codes of Conduct). The Codes of Conduct are posted on our website, www.boeing.com/company/general-info/corporate-governance.page.[.]

133. In the Boeing Code of Conduct, applicable to all employees including the CEO, the Company asserted with respect to employee retaliation that: "Every employee has the responsibility to ask questions, seek guidance, and report suspected violations of this Code of Conduct. *Retaliation against employees who come forward to raise genuine concerns will not be tolerated.*" And in the Boeing Company Code of Ethical Business Conduct, applicable to the Board of Directors, the Company asserted that "*the Company will not allow retaliation for reports made in good faith.*"

134. Additionally, Boeing laid out four Company values central to improving safety. These four Boeing values were documented on or around July 7, 2020, "in the aftermath" of the Crashes, and include the following (the "Values"):²¹

[1] **Start with engineering excellence:** A strong engineering foundation enables us to build and maintain our products with

²¹ See Sharon Terlep, *Behind the Alaska Blowout: a Manufacturing Habit Boeing Can't Break*, WALL ST. J. (Mar. 11, 2024), <https://www.wsj.com/business/airlines/behind-the-alaska-blowout-a-manufacturing-habit-boeing-cant-break-c05a2ba5> (last accessed on May 22, 2024).

safety, quality and integrity in the factory and in service. Our customers expect it. That's why we will always take the time to get the engineering right.

[2] **Be accountable – from beginning to end:** At every stage of every program – from design and manufacturing to sales and marketing, and everything beyond and between – we will know who is responsible for every aspect of the work. Each of us, including our supplier partners, will understand our individual responsibilities and be personally accountable for the work we do.

[3] **Apply Lean principles:** These principles have served many businesses well, including our own, so we will commit to them across the board. We will encourage continuous improvement in every aspect of our business, working to maximize the value we provide to customers while minimizing waste.

[4] **Eliminate traveled work:** Rework has a negative effect on productivity and first-time quality, so we will strive to eliminate it in all aspects of our business, from engineering design to the factory floor to the office environment. Let's do things right the first time, every time.

[5] **Reward predictability and stability – everywhere in our business:** While it's important to acknowledge extraordinary efforts to overcome unplanned obstacles to our work, it's even more important to establish and celebrate the everyday planning, execution and discipline that set us up for success. Instituting predictability and stability across our business will support our priorities and prepare us to face the unexpected.

135. According to these Values, the Company would “[l]ead on safety, quality, integrity and sustainability.” The Values also state: “In everything we do and in all aspects of our business, we will make safety our top priority, strive for first-time quality, hold ourselves to the highest ethical standards, and continue to support a sustainable future.” Additionally, as set out above, Boeing told the market that it would “[e]liminate traveled work[,]” which refers to manufacturing

tasks and projects that are “delayed and/or completed in a factory location other than what was originally planned.”²²

136. Separately, Section 102 of the Aircraft Certification, Safety, and Accountability Act, passed in December 2020, required the FAA to issue regulations for aviation manufacturers—including Boeing—to adopt a Safety Management System that is “consistent” with “international standards and practices.” According to Section 102 of the Aircraft Certification, Safety, and Accountability Act, “[a]n SMS adopted under this section must contain a confidential employee reporting system that includes non-punitive provisions through which employees can report hazards and safety concerns, as well as a code of ethics emphasizing safety as the highest priority for a manufacturer’s officers and employees.”

137. On or around May 19, 2020, the FAA formally mandated that Boeing create and adopt such an SMS. The SMS was instituted in response to the United States House Transportation Committee’s finding of “a broken safety culture within Boeing[.]”²³

138. Boeing accepted this measure, stating, on May 19, 2020, that “[t]o further strengthen our safety culture, Boeing is working with the FAA to implement a safety management system[.]”²⁴

139. Boeing’s SMS “collects and monitors data from a myriad of internal and external data sources – operational data from the global fleet, employee reporting, audit findings, and

²² *Id.*; Pras Subramanian, *Boeing targets a culprit of 737 MAX production woes: ‘Traveled work’*, YAHOO! FIN. (Mar. 20, 2024), <https://nz.finance.yahoo.com/news/boeing-targets-a-culprit-of-737-max-production-woes-traveled-work-190811343.html> (last accessed on May 22, 2024).

²³ David Shepardson, *U.S. to mandate new safety-management tools for aircraft makers*, REUTERS (May 19, 2020), <https://www.reuters.com/article/idUSKBN22V2I3/> (last accessed on May 22, 2024).

²⁴ *Id.*

design and manufacturing data – to identify and mitigate product safety risks.”²⁵ SMSs are meant to “foster a holistic assessment of whether the combinations of actions such as design, procedures, and training work together to counter potential hazards.”²⁶

140. In December 2020, the FAA formally accepted the SMS for the Commercial Airplanes Segment of Boeing.

141. Boeing’s “SMS identifies Boeing’s Chief Executive Officer as the Accountable Executive who retains the ultimate responsibility, authority and accountability for the safety performance of the company.”²⁷ Accordingly, throughout the Class Period, Defendant Calhoun was the Accountable Executive for Boeing, “*who retains the ultimate responsibility, authority and accountability for the safety performance of the [C]ompany.*”

142. Separately from the SMS itself, the SMS Safety Policy “describes [Boeing’s] commitment to the safety, quality and compliance of its products and services for those who operate, maintain and fly on Boeing products. It is signed by Boeing leaders, including the CEO

²⁵ *Boeing Safety Management System Policy*, BOEING, <https://www.boeing.com/safety/caso-report#safety-management-system> (last accessed on May 22, 2024).

²⁶ David Shepardson, *U.S. to mandate new safety-management tools for aircraft makers*, REUTERS (May 19, 2020), <https://www.reuters.com/article/idUSKBN22V2I3/> (last accessed on May 22, 2024).

²⁷ See *Chief Aerospace Safety Officer Report*, BOEING, <https://www.boeing.com/content/dam/boeing/boeingdotcom/principles/safety/caso/caso-report-2022.pdf>. According to news reports, the first Chief Aerospace Safety Officer Report was published on or around May 24, 2022. See, e.g., Geoffrey Thomas, *Boeing Unveils New Safety Plan That Sharpens Focus and Culture*, AIRLINERATINGS (May 24, 2022), <https://www.airlineratings.com/news/boeing-unveils-new-safety-plan-sharpens-focus-culture/>; Guy Norris and Sean Broderick, *Boeing Works to Rebuild Safety Culture*, AVIATION WEEK (May 26, 2022), <https://aviationweek.com/aerospace/boeing-works-rebuild-safety-culture>; see also *Section 103 Organization Designation Authorizations (ODA) for Transport Airplanes Expert Panel Review Report*, Federal Aviation Administration at 23 (Jan. 10, 2023) https://www.faa.gov/sites/faa.gov/files/Sec103_ExpertPanelReview_Report_Final.pdf (FAA indicating that “In 2022, Boeing published the 2021 Chief Aerospace Safety Officer Report, the first of such a report...”).

as the SMS Accountable Executive.” As the “Accountable Executive,” Defendant Calhoun signed the SMS Safety Policy during the Class Period. According to news reports, on or about May 24, 2022, Boeing released the SMS Safety Policy.²⁸

143. Boeing’s SMS Safety Policy includes policies such as: “We commit to a *Safety Management System* to advance our goals for safety, quality and compliance;” “We foster a *Positive Safety Culture* that enables proactive *identification and mitigation of risks in order to prevent accidents, injuries, or loss of life*;” “We ensure all employees understand the *requirement to report* any safety hazard, incident, or concern;” “We *promote a just culture that protects and treats people fairly when they openly report safety, quality and compliance concerns*;” “We *openly communicate safety actions* being taken while appropriately protecting the safety data and safety information driving those actions;” “We *clearly define the responsibilities* of all employees so that everyone understands their roles in ensuring the safety, quality and compliance of our products and services;” “We *eliminate or mitigate potential safety, quality and compliance risks* associated with our products and services which must include meeting all applicable requirements and regulations;” “We use *actionable key performance metrics and targets* that drive continuous improvement of our Safety Management System;” “We *allocate sufficient resources* (people, processes, tools and training) to supporting this safety policy;” “We *ensure all employees understand* that we all have a daily obligation to pursue safety, quality and compliance as described in this safety policy.”

²⁸ E.g., Geoffrey Thomas, *Boeing Unveils New Safety Plan That Sharpens Focus and Culture*, AIRLINERATINGS (May 24, 2022), <https://www.airlinerratings.com/news/boeing-unveils-new-safety-plan-sharpens-focus-culture/>.

144. The SMS framework that Boeing published also indicated that there would be “***Top-Level Commitment***” to safety and an implementation of a “Positive Safety Culture” throughout the Company.

F. Throughout the Class Period, Defendants Repeatedly Assured Investors Boeing Had Substantially Improved Its Safety and Quality Practices

145. Throughout the Class Period, and in light of these purported reforms, Defendants repeatedly made materially false and misleading statements concerning Boeing’s purported improvement in its safety and quality control processes after the 737 MAX Crashes of 2018 and 2019. This included statements in four specific areas: (1) statements regarding Boeing’s enhanced safety and quality in the manufacturing process; (2) statements about Boeing’s “safety culture” and encouragement of employees to come forward with safety concerns, without fear of retaliation; (3) statements concerning Boeing’s ability to produce safe airplanes at a stable and growing rate; and (4) statements about Boeing’s regulatory compliance.

146. The full set of these statements, along with the reasons they are false and misleading, is detailed *infra* Section VI. For convenience, this section highlights illustrative examples from the major categories of Defendants’ false and misleading statements.

1. Statements Regarding Enhanced Safety and Quality in the Manufacturing Process

147. First, Defendants repeatedly made materially false and misleading statements regarding Boeing’s purported prioritization of safety and enhanced and renewed implementation of manufacturing safety practices and quality control. In doing so, Defendants assured investors throughout the Class Period that the airplanes Boeing was delivering to its customers were safe and manufactured with proper quality control.

148. For example, Defendant Muilenburg told the market on Boeing’s Q3 2019 earnings call, on October 23, 2019, when addressing the aftermath of the Crashes, that: “***Our top priority***

remains the safe return to service of the 737 MAX, and we're making steady progress. . . . We've also taken action to further sharpen our [C]ompany's focus on product and services safety, and we continue to deliver on customer commitments and capture new opportunities with our values of safety, quality and integrity always at the forefront."

149. Additionally, Defendant Muilenburg asserted: *"It's important to note that everything we do are focused on quality and safety are and always have been our highest priority. We do not compromise these values for cost or schedule."*

150. Analysts commented favorably on Boeing's assertions concerning this shift in focus to safety and quality in Boeing's manufacturing process following the devastating Crashes. For example, Jefferies noted Boeing's "Renewed Commitment to Safety" in an October 23, 2019 analyst report, which discussed "several actions" Boeing had announced "to advocate its commitment to safety following a five-month independent board committee review of the policies and processes surrounding the design and development of its airplanes."

151. Defendants also acknowledged that Boeing's safety practices were of vital importance to the value of the Company's shares. For example, on January 22, 2020, Defendant Calhoun stated unequivocally: *"If ever there was a moment to emphasize safety as . . . the most important part of shareholder value, it's now. . . . Safety first. Without it, there is no shareholder value."*

152. As another example of Defendants' assertions touting safety and quality, on May 12, 2020, Defendant Calhoun stated on *NBC's Today Show*:

Let me start by just reaffirming my own confidence and our company's confidence in the airplane itself and the safety of it. . . . *[The accidents] will create significant changes inside of Boeing—they already have.* And those things we will use as deep incentives to improve safety every day, every week, every month for as long as we build, design, produce airplanes. . . . I also believe in the culture

at Boeing. I believe, actually all of our employees believe deeply in safety, *and have we taken a magnifying glass to everything we do—everything—so that we don't ever allow for something like that to happen in the future.*

153. Additionally, on July 29, 2020, Defendant Calhoun stated in Boeing's Q2 2020 earnings call: "After an approximately 4-month suspension of production operations, in May, we resumed early stages of our 737 production line. *During the suspension, we implemented more than a dozen initiatives focused on workplace safety, product quality, and they have strengthened the production system and helped optimize the build environment, allowing for more predictability and stability for future rate increases.*"

154. Thereafter, on March 5, 2021, Boeing filed its annual proxy statement, with a section touting Boeing's "Commitment to Safety." Boeing again emphasized that "Safety is, simply put, our highest priority. *We are deeply committed to strengthening our safety processes through continuous improvement, learning and innovation.* In 2020, we began implementing an enterprise Safety Management System, or SMS, *to support our commitment to the highest levels of safety and quality in our products and services. . . . As an integrating framework for managing safety risks throughout the product and service life cycle, SMS will incorporate data from compliance, quality and safety assurance processes, including employee reporting. This will provide line of sight to risks, incidents and identified hazards in order to proactively mitigate issues and continuously improve performance.*"

155. Similar statements touting Boeing's safety and quality control were repeated in each of the annual proxies thereafter, including in 2022, 2023, and 2024.

156. Defendants' statements throughout the Class Period concerning Boeing's purported renewed focus on producing safe and high-quality aircraft were highly material to investors. For example, on April 12, 2021, Bank of America published an analyst report that focused on changes

in the Company's annual proxy statement and the Board's direct attention to safety. Bank of America observed that "[o]ver the last two years the language in [Boeing's] proxy has shifted dramatically to emphasize Boeing's renewed focus on safety, indicating to us that the company clearly wants shareholders to know its Board is again laser-focused on this. The 2021 proxy even states 'Safety is, simply put, our highest priority.'"

157. Additionally, Bank of America's April 12, 2021 report compared Boeing's annual proxy statements in 2020 and 2021—which each used the word “safety” over 140 times—to the Company's proxy statement in 2019, where “the word ‘Safety’ is used just once[.]” Bank of America explained that “Boeing returned to a safety-focused culture in 2020,” and concluded: “We look forward to [Boeing] ultimately re-finding its true North: regaining its engineering excellence and unrelenting focus on safety.” The report went on to describe various measures Boeing had announced to facilitate its purportedly renewed emphasis on safety.

158. Defendants continued touting Boeing's purported prioritization of safety and quality throughout the Class Period. For example, Defendant Calhoun emphasized on the January 26, 2022 earnings call: *“I’ll highlight the priorities we have. I don’t think any of them should surprise anybody. They may look boring with respect to words like stability, safety, quality management, but that is still our focus, and we’re going to be relentless about it.”*

159. Likewise, at the Company's November 2, 2022 Investor Day, Defendant Calhoun asserted: *“Safety dominates Boeing.”* Calhoun further explained how Boeing had purportedly prioritized safety in the wake of the Crashes, and assured that *“[e]nd of the day, always highest levels of quality and safety. I hope in light of the actions we’ve taken, we have given you proof points about how serious we are on safety and quality.”*

160. Investors were reassured by these representations concerning Boeing's renewed focus on safety and quality. In a November 3, 2022 analyst report, Bank of America indicated that Boeing's Investor Day was a "pleasant surprise" in that "[m]anagement acknowledged the challenges it has put to rest as well as the challenges that may lie ahead" and that "[t]he [C]ompany points out that the most acute of its challenges may be behind it." The November 3, 2022 Bank of America analyst report further noted that "[t]he [C]ompany reiterated several times that the focus of the production team is 'stability, quality, and flow', not cost. By keeping an eye on those metrics, costs will ultimately come in line."

161. Defendants also equated Boeing's supposed "safety culture" with implementing the "highest safety and quality standard" on the manufacturing floor. As emphasized by Defendant Calhoun on the October 28, 2020 earnings call for Q3 2020: "As we work through these challenging times, *our focus on our values and our priorities has not and will not waiver. We are working tirelessly to strengthen our culture, to improve our transparency, rebuild trust and ensure we are always delivering the highest safety and quality standard. We continue to implement a series of meaningful changes announced 1 year ago to strengthen the safety practices and culture of our [C]ompany.*"

162. Defendants' purported implementation of meaningful changes in safety culture at Boeing was of primary importance to investors during the Class Period. For example, Bank of America published a report on September 7, 2022, titled, "Where to now? How management can unlock value," which explained that "[t]he first key to Boeing's success is culture change[.]" This report elaborated:

Peter Drucker's phrase [sic], 'Culture eats strategy for lunch,' is apropos to [Boeing's] predicament. The key to [Boeing's] long-term success is culture change. Without it, management's strategy and operations would be impaired. We suggest that investors ask

themselves, ‘Can the current leadership successfully change the culture that led to the 737 Max tragedy, the 787 delivery halt, the loss of the right to certificate aircraft coming off the lines and the multitude of charges across the defense business? It took the better part of 20 years to get to this point. Change won’t happen overnight. But, turnaround stories can be good investments for the patient investor if the right leadership is in place, the right culture takes hold, and a good strategy is in place. Balancing short-term catalysts against long-term issues and challenges is the key to understanding [Boeing’s] stock, in our view.

163. One unsafe manufacturing practice that Defendants represented Boeing was eliminating was the practice of traveled and out-of-sequence work, in which airplanes are moved from one factory to another, or down the manufacturing line, without critical work having yet been completed. On July 7, 2020, Boeing published its “Values,” including that it would “*eliminate traveled work*” as a manufacturing practice. Later that month, on July 29, 2020, Defendant Smith reiterated that Boeing was putting in place processes such that it would “*not have traveled work*,” even as Boeing increased its production rate. Defendant Calhoun likewise represented, on July 28, 2021, that Boeing’s “*enhanced rigor*” was allowing it to “*eliminate traveled work*.” And on June 3, 2022, Defendant Calhoun represented that Boeing was performing “*all the standard work in station*”—in other words, that Boeing was not relying on traveled work in connection with any increased airplane production rate. These statements are belied by the “*embedded and normalized*” culture of traveled work at Boeing during the Class Period that Defendant Calhoun acknowledged after the Alaska Airlines Incident and that witnesses have described.

2. Statements About Boeing’s “Culture” That Encourages Employees to Raise Safety Concerns Without Fear of Retaliation

164. As part of their assurances about Boeing’s supposed “culture,” Defendants frequently represented that Boeing encouraged employees to come forward with safety concerns and would not tolerate retaliation against such employees. These statements are also consistent with Boeing’s representations that it had effectively implemented the Independent

Recommendations and the DPA, along with Boeing’s Values, Codes of Conduct, and SMS—which explicitly prohibit retaliation.

165. For example, at a November 6, 2019 conference, Defendant Muilenburg equated Boeing’s safety “culture” with employees being able to freely speak up and not be retaliated against—which is critical to the safety of the aircraft itself—“***Our culture is to encourage people to speak up. Right, we want to hear those inputs, we want to hear different points of views [A]ny inputs we get from our employees, we take those seriously. We’re working around the clock focused on the safety of the airplanes.***”

166. Similarly, on January 31, 2020, Boeing filed with the SEC its Form 10-K reporting the Company’s financial and operational results for 2019. In this 10-K, Boeing specifically incorporated by reference various “Codes of Conduct,” pointing investors to Boeing’s website. In the Boeing Code of Conduct, applicable to all employees, including the CEO, the Company asserted with respect to employee retaliation that “[e]very employee has the responsibility to ask questions, seek guidance, and report suspected violations of this Code of Conduct. ***Retaliation against employees who come forward to raise genuine concerns will not be tolerated.***” And in the Boeing Company Code of Ethical Business Conduct, applicable to the Board of Directors, the Company asserted that “***the Company will not allow retaliation for reports made in good faith.***”

167. Just weeks later, on May 29, 2020, Defendant Calhoun issued a letter to Boeing employees, reprinted in the Company’s June 1, 2020 Press Release, stating: “And as a company, every one of us is expected to act with integrity, promote diversity and inclusion, and treat one another with trust and respect. ***By signing Boeing’s Code of Conduct each year we have all put our word to that. . . . A number of channels are available for employees to raise concerns safely and without fear of retaliation[.]***”

168. Boeing further emphasized Boeing’s safety “culture” during the Class Period. For example, on the Company’s October 28, 2020 earnings call for Q3 2020, Defendant Calhoun stated: “As we work through these challenging times, *our focus on our values and our priorities has not and will not waiver. We are working tirelessly to strengthen our culture, to improve our transparency, rebuild trust and ensure we are always delivering the highest safety and quality standard. We continue to implement a series of meaningful changes announced 1 year ago to strengthen the safety practices and culture of our [C]ompany.*”

169. On July 26, 2021, Boeing stated in a press release that it had published its first “Sustainability Report,” and linked to the full report in the press release. In the 2021 Sustainability Report, Boeing stated that “*Boeing enforces a strict non-retaliation policy, reinforced by annual training and recurrent employee communication.*”

170. Additionally, the Safety Management System Policy that Defendant Calhoun personally signed on or around May 24, 2022 stated that the executive management at Boeing—including Calhoun—would properly implement an SMS at Boeing, and that it would be Boeing’s “unyielding commitment.”

171. Defendants continued making such statements throughout the Class Period. For example, in its March 3, 2023 proxy statement in connection with its upcoming annual meeting of shareholders, Boeing represented: “*We are working together to foster a culture of continuous improvement and enhance performance by creating an environment where employees are comfortable identifying gaps, seeking help and speaking up without fear of retaliation.*”

172. Defendants’ purported implementation of meaningful changes to promote a safety culture—including a culture that encouraged employees to speak up—was material to investors during the Class Period. For example, Morningstar Equity Research, in its December 23, 2019

analyst report, commented favorably that “the [C]ompany has created a Product and Services Safety organization that reports directly to the board of directors, which directly addresses the criticism that Boeing employees did not have enough channels to express safety concerns. Boeing has also added a safety committee at the board level, to ensure that these issues are continuously being discussed.”

3. Statements Concerning Stability of Boeing’s Rate of Production and Deliveries

173. Additionally, Defendants explained to investors that Boeing’s rate of airplane production and delivery was inextricably tied to producing safe planes. Defendants purportedly prioritized “stability” in the rate of production and delivery of Boeing aircraft without sacrificing safety and quality.

174. For example, on July 28, 2021, Defendant Calhoun equated “stability” in the number of deliveries of aircraft to “engineering excellence” and “first-time quality,” on Boeing’s Q2 2021 earnings call:

Turning to our efforts to drive stability, with every action we are driving toward engineering excellence, production system stability, and first-time quality and delivery predictability while holding ourselves accountable to the highest standards. We’re implementing comprehensive quality and productivity initiatives in our factories and strengthening our quality reviews within our supply chain. We conduct regular audits internally with suppliers to ensure adherence to approved processes and practices, ranging from production methods to documentation standards. And as part of our process, we proactively and transparently keep the FAA fully aware of our efforts.

175. As another example, following the worldwide recertification process for the 737 MAX in 2021, Defendant West discussed Boeing’s production rate for the 737 MAX and the 787 in Boeing’s Q1 2022 earnings call on April 27, 2022:

On the supply side we are carefully managing supply chain constraints and working through issues as they arise *to ensure the stability of our production system*. . . .

Moving on to the 37 program. *We delivered 86 37 airplanes in the quarter, including 37 in March*, a slight decrease from fourth quarter of last year, despite impacts of COVID, some supply chain delays, and typical seasonality. Given some supply chain disruption and timing of taking airplanes out of storage, deliveries, were slightly below our expectations and we ended the quarter with 320 MAX airplanes in inventory.

However, we still anticipate delivering most of these airplanes by the end of 2023. The timing and pace of deliveries to Chinese customers and supply chain stability remain key factors to our delivery profile.

We continue to make progress ramping our 37 production rate and are essentially at 31 airplanes per-month.

176. Both explicit and embedded in these statements, Boeing led investors to believe that the Company was manufacturing planes that were—in fact—of safe manufacturing quality, at a production rate of approximately 31 planes per month for the 737 program (in the above example).

177. Analysts were keenly focused on how many planes Boeing would be able to safely and consistently produce and deliver because this was directly tied to Boeing’s revenue and its ability to recover from the Crashes. For instance, a report from RBC Capital Markets on February 14, 2023 explained that “[d]eliveries and the production schedule for the 737 MAX aircraft are the most important metrics for investors throughout 2023.” Despite “supply chain headwinds,” the report explained that “the [C]ompany appears to be off to a strong start, given the 35 MAX deliveries in January, and is well positioned to leverage existing work-in-progress to support elevated MAX deliveries.”

178. Just months later, following Boeing’s Q1 2023 earnings call, where management reiterated Boeing’s 2023 delivery targets despite a recent quality issue at one of its suppliers, RBC

Capital Markets published another report on April 26, 2023, explaining that “[t]he highlight of the quarter was that Boeing management maintained the full year [C]ompany guidance. Despite the recent issues with MAX production and the expected MAX delivery delays now anticipated for 2Q23, management reaffirmed its 400-450 737 MAX delivery guidance for the full year.” The report explained that “the focus for investors remains on the [Free Cash Flow] outlook and the delivery execution for Boeing,” and noted that “[Boeing] has stabilized 737 MAX production rates at 31/month and is looking to increase to 38/month in 2H23.”

179. Additionally, Morgan Stanley issued a report on January 10, 2023 that explained: “[W]e expect Boeing to trade on execution of its 2025/2026 aircraft production rate targets and free cash flow generation.” The report called production and delivery rate increases “the key milestone for cash generation.” The report explained: “With regulatory relief that paved the way to restarting 737 MAX and 787 deliveries and with both programs now executing towards more normalized production rates, the market appears to be pricing in near full value to Boeing’s ability to meet its 2025/26 targets of . . . 737 MAX production rates of 50 per month and 787 production rates of 10 per month.”

4. Statements About Boeing’s Regulatory Compliance

180. Boeing also made numerous statements throughout the Class Period in which it told investors it was complying with all requirements imposed by regulators after the 737 MAX Crashes, which mandated that Boeing implement safety and quality control practices across all its aircraft programs to prevent another tragedy like the 737 MAX Crashes of 2018 and 2019. The market understood that Defendants’ compliance with the (1) the DPA, (2) the Aircraft Certification, Safety, and Accountability Act, and (3) FAA requirements, hinged upon Defendants’ ability to properly execute safety and quality control practices across the Company.

181. For example, on December 23, 2019, Boeing filed with the SEC an 8-K assuring investors:

... Under the Company's new leadership, Boeing will operate *with a renewed commitment to full transparency, including effective and proactive communication with the FAA, other global regulators and its customers.*

182. Defendants continued making similar statements throughout the Class Period. For example, on January 31, 2022, Boeing indicated in its 2021 Form 10-K that:

We also are fully cooperating with U.S. government investigations related to the accidents and the 737 MAX, including an ongoing investigation by the Securities and Exchange Commission. We also remain subject to compliance with a Deferred Prosecution Agreement with the U.S. Department of Justice relating to the Department of Justice's investigation into us regarding the evaluation of the 737 MAX airplane by the FAA.

183. The 2021 Form 10-K further assured investors that: *"The agreement also requires that we review our compliance program and undertake continuous improvement efforts with respect to it, and implement enhanced compliance reporting and internal controls mechanisms."*

184. Defendants' statements throughout this period regarding Boeing's regulatory compliance assured the market of Boeing's ability to produce safe, high-quality airplanes—in compliance with regulatory requirements. For example, a report from Seaport Research Partners on November 16, 2021 weighed key investor concerns—"When does the bad news end? When is the right entry point?"—and instructed investors: "Don't stay on the sidelines." The report explained:

[Boeing], like any engineering organization historically takes 'lessons learned' to heart and we think MAX and B787 issues are applied to new products like the B777-X as well as current programs. Given the internal reviews by [Boeing] engineering and by regulators, both the B737 MAX and B787s are likely to be among

the safest airplanes in the sky right now. Another execution issue is certainly possible, but unlikely in our view.

185. Analysts also commented on statements about Boeing's regulatory compliance because they understood how important it was that regulators approve of Boeing's operations and safety protocols. Additional scrutiny from the regulators could ground Boeing's planes again and impact the Company's revenue. For example, on January 12, 2022, JP Morgan issued a report in advance of Boeing's fourth quarter 2021 earnings release which explained: "[w]e believe Boeing's top priority remains repairing its relationships with Congress and the FAA so that it can predictably deliver aircraft and generate cash." The report noted that "MAX deliveries disappointed" in the second half of 2021 but explained: "To the extent this reflects Boeing's ability to bring MAXs to final FAA inspection with fewer defects—if that is in fact the case—it is a welcome development."

186. Analysts also highlighted the DPA with the DOJ because failure to comply could mean that Boeing would be subject to criminal prosecution or other penalties. For example, UBS's January 7, 2021 report explained: "After the House of Representatives 737MAX report in September, the Senate report in December and now the DoJ agreement today, we do believe the company is approaching/at the end of the investigatory chapter for the 737MAX." Asking, "[i]s this the end of the fines?" the analyst explained "a comprehensive settlement of DoJ investigations . . . would be good news for Boeing." The report noted: "[t]he DPA would allow Boeing to avoid prosecution and have against it dismissed after three years if it abides by the terms of the agreement." The report explained that the DPA "takes this investigation off the table and moves the company another step forward on the road to recovery."

G. Following the Crashes—and Contrary to Defendants' Misrepresentations—Boeing's Airplanes Were Still Not Manufactured Safely

187. Despite these statements, and unbeknownst to investors, the same types of faulty, unsafe manufacturing processes which were present before the 737 MAX Crashes of 2018 and

2019 *were pervasive at Boeing even after the 737 MAX Crashes and throughout the Class Period.*

188. Boeing continued to manufacture airplanes without proper quality control and in an unsafe manner—all in a retaliatory environment that fell far short of the purportedly renewed safety “culture” at Boeing. Indeed, Defendants’ purported renewed emphasis on safety—and their statements during the Class Period to that effect—*was a smoke-screen*. Boeing’s actions—and inaction—contradicted Defendants’ misleading assertions concerning safety and quality control.

189. Defendants knew—or were severely reckless in not knowing—of the following significant misconduct, safety issues, and lapses in quality control which were rampant across the Company. Whistleblowers, former employees, documents, and published reports confirm that, during the Class Period, the safety and quality control issues at Boeing continued even after the 2018 and 2019 Crashes, extended far beyond just the 737 MAX and MCAS system, and were “systemic” in nature.

1. Production Shortcuts and Systematic Failures to Follow Industry Standards

190. Sam Salehpour is a Quality Engineer at Boeing and whistleblower who publicly provided sworn testimony concerning Boeing to the United States Senate Committee on Homeland Security and Governmental Affairs on April 17, 2024, in a hearing titled “Examining Boeing’s Broken Safety Culture: Firsthand Accounts” (the “April 2024 Congressional Hearing”). The purpose of April 2024 Congressional Hearing was to examine the safety practices and culture of Boeing in the aftermath of the January 5, 2024 Alaska Airlines Incident (further discussed below, *infra* at Section IV.H.1). Mr. Salehpour received a degree in mechanical engineering in 1979 and worked in the aerospace industry for almost forty years, having worked at Boeing for the last

seventeen years. He is currently a Quality Engineer on the 777 aircraft and has worked in various engineering capacities on the 747, 767, 777, and 787 programs.

191. In his role as a Quality Engineer, Mr. Salehpour is “responsible for monitoring Boeing production activities to ensure that when Boeing’s planes leave the factory, they are safe for air travel.” Further, as Quality Engineer, his job is to “investigate and analyze defects identified with Boeing airplanes to determine their root causes and develop solutions to correct those defects and prevent them from occurring in the production process moving forward.”

192. In his April 17, 2024 testimony, Mr. Salehpour detailed that Boeing’s practices—contrary to Defendants’ statements throughout the Class Period—were anything but “safe,” and that Boeing took shortcuts in production of airplanes, even after the 2018 and 2019 Crashes.

193. Specifically, Mr. Salehpour explained that while working on the 787 in “late 2020,” Boeing had begun taking “shortcuts” concerning the shimming of “gaps” between the different sections of the aircraft—or what is referred to as “gap management”—contrary to industry standards and Boeing’s own “engineering specification.” Mr. Salehpour stated that these shortcuts were affirmatively adopted in an effort to “reduce bottlenecks in production and speed up production and delivery of 787s.”

194. According to Mr. Salehpour, “Boeing adopted these shortcuts in its production processes based on faulty engineering and faulty evaluation of available data, which has allowed *potentially defective parts and defective installations in 787 fleets.*”

195. Mr. Salehpour indicated that Boeing’s engineering specification requires (1) that “gaps exceeding .005 inches be shimmed”²⁹ and (2) that those gaps be shimmed with 10 pounds per linear foot of force.

²⁹ Shimming refers to the act of sealing the gap.

196. As to the first point, Mr. Salehpour testified that, shockingly:

While Boeing insists that it follows industry standards, the Company's own internal data on 28 787 airplanes, provided to me by a Boeing Applied Mathematician in February 2022, revealed that up to **98.7% of gaps over .005 inches have not been shimmed at all** in [sections of the 787 aircraft].

197. As to the second point, even those aircraft that were shimmed were done so improperly and not per engineering specifications:

Industry engineering standards require Boeing to shim these gaps using minimal force to avoid causing deformities, but contrary to these requirements, Boeing has increased the [force] used in the shimming process to approximately **165 times the recommended level of force.**

198. Mr. Salehpour testified that Boeing's failure to shim gaps over .005 inches has "affected more than **1,000** 787 airplanes in service," and is likely to cause "premature fatigue failure" over time in the 787 aircraft.

199. According to the aviation firm JETechnology Solutions Inc., "fatigue failure" can result in "[p]arts of the aircraft . . . break[ing] off" or a "fracture" in parts of the aircraft.³⁰ JETechnology Solutions Inc. further explained that "[s]tructural failure occurs when aircraft fatigue is not detected early enough or is left untended." Improper gap management and cracks "are what directly cause large-scale damage and danger. . . . If left to widen or worsen, ***the results can be catastrophic.***"³¹

³⁰ JETechnology Staff, *What is Aircraft Fatigue, and How Can Fatigue Failure Be Prevented?*, JSI, INC. (May 20, 2019), <https://aircraftmaintenancestandards.com/blog/what-is-aircraft-fatigue-and-how-can-fatigue-failure-be-prevented/> (last accessed on May 22, 2024).

³¹ *Id.*

200. Mr. Salehpour also confirmed this and explained that Boeing's violation of industry standards in gap management can cause "*potentially catastrophic accidents and passenger fatalities*":

This omission, which I believe has affected more than 1,000 787 airplanes in service, is likely to cause premature fatigue failure over time in two major airplane joints. Installation of fasteners with gaps exceeding .005 inches without proper shimming (or in some cases, any shimming at all) puts excessive stress on these fasteners and can cause significant fatigue in important airplane components, especially in joint areas where large fuselage barrels are connected.

Because these defects weaken fatigue performance in composite material and they are generally not detectable through visual inspection, they could ultimately cause a premature fatigue failure without any warning.

Boeing's internal documents also show that drilling holes when excessive gaps exist can lead to various defects, including burrs at the holes, debris from the drilling operation being left at the interface of the two parts, thick layers of sealant getting into the gap, increased localized bending stress due to the increased fit-up forces caused by the fasteners or a loss of preload in the fasteners. Any one of these conditions can impact the joint fatigue quality and therefore can decrease the fatigue life of the airplane. *This, of course, creates extremely unsafe conditions for the aircraft with potentially catastrophic accidents and passenger fatalities.*

201. In his written testimony, Mr. Salehpour confirmed that his concerns were supported by documentation detailing these violations of Boeing's permitted standards and demonstrating that the gaps in the aircraft were up to 0.035 of an inch, an alarming "*seven times the permitted figure* [of .005 of an inch]." The documents, including an April 2021 PowerPoint presentation that Mr. Salehpour prepared, were presented to Congress in advance of the April 2024 Congressional Hearing (as Exhibits) but have not yet been publicly released. Mr. Salehpour testified:

In April 2021, I prepared a detailed PowerPoint presentation explaining the impact of the increased force on the shimming process, the potential defects that could result, and the risk that this

posed to the flying public. This April 2021 presentation, attached as Exhibit 1, articulated my early concerns with the 787's gap management program. As I wrote in one of my slides, Boeing airplane through hole gap inspections revealed 2,546 fasteners that had a gap exceeding Boeing's permitted standard of 0.005 of an inch. *See* Exhibit 1, at 2. In fact, these inspections also revealed a gap that was up to 0.035 of an inch – almost seven times the permitted figure.

202. Mr. Salehpour also indicated that other Boeing Quality Engineers raised the same concerns, supported by white papers and other documents. According to Mr. Salehpour:

The internal Boeing documents that I reviewed indicated that the shortcuts being applied to the 787 shimming process ***posed serious risks***. One such report was a white paper prepared by two Boeing Quality Engineers who also worked on the 787. They distributed the paper internally on August 18, 2021 – at the same time that I was ***continuously appealing to Boeing management*** to change their manufacturing processes. I was astounded to review their conclusion that Boeing's inspection protocol failed to properly estimate gaps between airplanes' barrels and straps (the pieces of metal connecting the two barrels together)

203. This led Mr. Salehpour to “redouble[] my efforts to have Boeing management address my concerns, as the ***Company's problems with the 787 were clearly systemic.***”

204. Mr. Salehpour's efforts were shunned by management, and contrary to Defendants' promises, he was retaliated against.

205. Throughout April and May of 2021, Mr. Salehpour continued to revise the April 2021 PowerPoint presentation, and he presented it to Boeing managers. The initial group included an Associate Technical Fellow, a Quality Engineering Manager, and a Senior Quality Specialist. Mr. Salehpour explained that: “[s]ome employees validated the concerns I identified and suggested that they should be elevated, ***yet no one was willing or able to do so fearing retaliation if they did. Additionally, although senior managers initially were open to my objections, they quickly began to dismiss my concerns and pressured me to stop raising these issues.***”

206. Further, Mr. Salehpour detailed how, in mid-June of 2021, he invited approximately “30 Boeing employees to a meeting where I planned to give an updated version of my presentation.” He continued:

My selected attendees included senior Boeing managers, such as a Senior Quality Director, Subject Matter Experts in Stress Engineering, a Senior Technical Fellow, and more. Unfortunately, my direct manager was not supportive of this meeting. Eventually, he forced me to have a much shorter meeting than I had initially requested and with only a few of my requested attendees. I found his indifference to the serious quality problems with the 787 deeply concerning. ***This led me to believe that I needed to escalate my concerns further within the Company. However, as I continued to press Boeing officials to hear and respond to the safety issues I had observed, the response from my supervisor and other managers became increasingly hostile.***

207. Mr. Salehpour then explained:

Despite the lack of support from my managers, I continued to share my presentation with my fellow engineers at Boeing. Many of them shared my concerns but were unable to address the problem Some were too scared to join my efforts internally, and some felt stymied because Boeing insisted that it had performed testing validating this change but refused to provide any of us with the data. ***We were told repeatedly to trust that Boeing had addressed the issues,*** but we feared that this was not the case. Indeed, despite my repeated requests, no one I spoke with at Boeing was able to cite any testing which tested the use of 100 pounds of [force] – the force that Boeing was actually using – and to date I have not seen any data validating the safety of such a drastic increase. To the contrary, the internal Boeing documents that I reviewed indicated that the shortcuts being applied to the 787 shimming process ***posed serious risks.***

208. The retaliation grew more severe. Mr. Salehpour stated:

In September 2021, I again tried to set up a meeting with my supervisor and Boeing subject matter experts to discuss the problems with the 787, but I received no response. My updated presentation included additional Boeing data that I had gathered over the intervening months I showed how the increased [force] was already creating problems. I discussed recent inspection data which reviewed gaps within sections of 28 787 planes. This inspection found that 98.7% of gaps over 0.005 were not shimmed .

. . . Meanwhile, I continued to attempt to set up meetings to discuss my concerns. In late August 2021, I sought to set up a meeting with various stress engineers to discuss my concerns. Predictably, my manager once again canceled the meeting. *As you can imagine, Boeing management's failure to address my concerns was deeply troubling to me. I worried constantly about planes being pushed off the production line and delivered to customers with engineering defects and about the catastrophic results that could occur as result. The more I pushed for answers, the greater the retaliation became.* Around this same time, I learned that my managers were attempting to transfer me out of the 787 program to the 777 program.

209. In 2022, Mr. Salehpour was “involuntarily transferred” to the 777 program in retaliation for raising his concerns with the 787 aircraft.

2. Severe Misalignment of “Hundreds” of Airplanes

210. According to Mr. Salehpour, during this time in 2022, “[i]t became abundantly clear that the problems with Boeing’s approach to safety were not limited to any one airplane.” Mr. Salehpour stated: “Following my transfer, I almost immediately learned of alarming safety concerns in the 777 program as well.”

211. Mr. Salehpour explained that there were design issues in the 777 aircraft, which caused improper and unsafe practices in the assembly of panels associated with the 777. Specifically, as Mr. Salehpour explained: “[s]everal years before I joined the 777 team, Boeing had adopted a Fuselage Automated Upright Build (“FAUB”) process,” which replaced floor-mounted assembly, “in an effort to speed up production by expediting the assembly of the 777’s fuselage.”

212. Mr. Salehpour stated that: “[i]mplementing a process like the FAUB, which initially relied on guided vehicles to assemble the 777’s fuselage panels, would ordinarily require parts and sub-assemblies to be redesigned to be compatible with determinative assembly process and

provide correct alignment of parts in the initial assembly process. The automated drilling component of the FAUB was ultimately unsuccessful and was abandoned by Boeing.”

213. According to Mr. Salehpour, “Boeing decided to maintain some elements of the [Fuselage Automated Upright Build] system, in part because, in another example of Boeing prioritization of speed over quality, the previous system had been prematurely disassembled before the new one was proven to be effective.”

214. Mr. Salehpour then explained that: “*Boeing failed to make necessary changes to the design of relevant parts and subassemblies to accommodate the new processes resulting in significant misalignments between parts in the assembly of hundreds of 777 airplanes built for commercial airlines.*”

215. In his sworn testimony in front of the Senate Committee, Mr. Salehpour further explained:

I found that Boeing has started a new process to build the airplane without taking into the consideration of the design of the airplane and how the airplane was designed. As a result, *I witnessed severe misalignment when the planes were assembled. Boeing manufacturing used unmeasured, an unlimited amount of force to correct the misalignment.* And this also weakened the, weakens the airplane in the long run. *I literally saw people jumping on the pieces of the airplane to get them to align.* I call it the Tarzan effect, among other improper methods.

216. Mr. Salehpour further stated in his written testimony:

Rather than taking steps to properly remedy these misalignments and address the problems with the underlying assembly process, Boeing responded to these defects by using unlimited and unmeasured force to “force align” parts and assemblies that do not align. *I observed Boeing workers using improper and untested methods to align parts in the 777, such as using cranes and inappropriate heavy equipment, and in one instance even jumping on pieces of the airplane to get them to align.* . . .

Boeing has failed to make any meaningful changes to the underlying production processes to avoid defects which could pose

serious safety risks, and Boeing management involved in the 777 production has also pressured engineers responsible for addressing defects to work faster, increasing the likelihood that defects will not be identified and addressed. These engineers are also pressured to allow production of 777s to move forward despite the presence of defects without the opportunity to actually see and evaluate those defects.

217. According to Mr. Salehpour, he raised these concerns to “Boeing management, just as I had when I observed problems with the 787, but Boeing once again ignored my concerns and failed to take any steps to address the serious safety problems I reported.” Mr. Salehpour explained that: “Instead, Boeing officials attempted to intimidate and retaliate against me by sidelining me from my job duties and excluding me from key meetings. I have even been subjected to threats of violence from my supervisor after I attempted to discuss the problems with the FAUB process in a meeting in April 2023.”

218. Mr. Salehpour testified that—in short—“they [i.e., Boeing] are putting out defective airplanes.”

3. Boeing’s Unsafe Manufacturing Practice of “Traveled” Work

219. On January 5, 2024, Alaska Airlines Flight 1282 was forced to make an emergency landing minutes after take-off when a door plug blew off mid-flight, leaving a gaping hole in one side of the plane’s cabin mere feet from where passengers were sitting. The intense depressurization of the aircraft while mid-flight “twisted the metal of the seats nearby,”³² and forced passengers’ headsets, devices, and even one passenger’s clothing to be sucked out of the plane.

³² Terry Spencer and Claire Rush, *Twisted metal, rushing wind: A narrowly avoided disaster as jet’s wall rips away at 3 miles high*, ASSOCIATED PRESS (Jan. 9, 2024), <https://apnews.com/article/alaska-airlines-portland-oregon-emergency-landing-0a0378cf2ca6d5567e18d4cda74a0978> (last accessed on May 22, 2024).

220. In the aftermath of this emergency event, news outlets reported that one of the causes of the Alaska Airlines Incident was Boeing's unsafe manufacturing practice of "traveled work," which Boeing has defined as work that is "delayed and/or completed in a factory location other than what was originally planned." As the *Wall Street Journal* reported on March 11, 2024, in an article titled, "Behind the Alaska Blowout: a Manufacturing Habit Boeing Can't Break":

Doing work out of order further complicates the already intricate, often-taxing process of putting together an airplane. In Boeing's Renton, Wash., factory where 737s are built, each plane moves its way through a series of stations, where crews are tasked with completing certain tasks. Those stations are equipped with tooling, platforms and crews trained to do the jobs designated for the site. Planes advance to the next station roughly every twenty-four hours. Sometimes, a missing part prevents workers from finishing the designated job. Leaving the plane sitting in place would slow the entire production line. So it moves ahead and the part gets added or repair is completed somewhere down the line. In some cases, the work isn't done until the plane leaves the factory for what is known as the flight line, a spot outside the factory where the planes are parked as they await delivery.

221. Further, according to the *Wall Street Journal*, "Boeing and federal investigators probing the Alaska Airlines incident have said the practice of completing work out of sequence is a liability when it comes to airplane quality."

222. Witnesses working at the Company during the Class Period, such as CW-2 (described below), corroborate this, and explain that the practice of "traveled work" is "***inherently unsafe***" because the employees charged with finishing the fuselages were not familiar with the job required of them and that they did not have the skillset or knowledge to complete the task correctly. To that end, Defendant Calhoun admitted, after the Alaska Airlines Incident, in March 2024, that the practice of traveled work "***creates opportunities for failure***."

223. Following the Alaska Airlines Incident, the *Wall Street Journal* reported on March 11, 2024 that: "Workers had spotted the bad parts almost immediately after the plane's fuselage

arrived at the factory, federal investigators have said. But they didn't make the fix right away and the 737 continued on to the next workstation. When crews completed the repair 19 days later, they failed to replace four critical bolts on a plug door they had opened to do the job, leading to the Jan. 5 accident on an Alaska Airlines flight."

224. As discussed above, Boeing stated in July 2020, and repeated numerous times, that it would "eliminate" this practice of "traveled work" after the 2018 and 2019 Crashes, and indeed, that the elimination of traveled work was a purported "value" at Boeing, *see supra* at Section IV.E.3. Boeing publicly recognized that traveled work was an unsafe manufacturing practice not in accordance with Boeing's values of "safety" and "quality."

225. However, on March 20, 2024, Defendant West admitted at a Bank of America Conference that Boeing had stopped the practice of traveled work only after the effects of the Alaska Airlines Incident were felt—on March 1, 2024—five years after the 2018 and 2019 Crashes, and contrary to Defendants' representations:

For years, we prioritized the movement of the airplane through the factory over getting it done right and that's got to change. The leadership team got it in the immediate aftermath of January the 5th [Alaska Airlines Incident]. We control how this happens, and it's about our resolve to get ahead and get after traveled work. And Dave [Calhoun] is in the factory, personally making sure that we do get control of it because **once you do reduce traveled work, your quality gets better, your stability gets better and probably most importantly, the work of the mechanic gets better.** And they know that better than anybody – better than anybody. And we've got to listen and act on their behalf and this goes beyond the 737 program. All BCA [Boeing Commercial Airplanes] programs and factories have to deal with this and it's going to impact them in the near term as well. . . . **In fact, starting on March 1 of this year, we no longer travel work[.]**

226. Likewise, on April 24, 2024, Defendant Calhoun admitted that Boeing's quality with respect to the 737 issues were "self-inflicted" in that traveled work had become "**embedded and normalized in our factory.**"

227. Defendants' representations during the Class Period that Boeing would "eliminate traveled work" after the 2018 and 2019 Crashes were therefore false and misleading, according to Defendants' own admissions, and the testimony of public whistleblowers and confidential witnesses.

228. CW-2 worked at Boeing in a leadership role on the 737 MAX from 2019 to 2021. CW-2 explained that he departed Boeing due to the unsafe practices he witnessed during his tenure.

229. CW-2 stated that he witnessed numerous unsafe practices with all of Boeing's commercial planes, which began when the Company started building the 787 in 2008. According to CW-2, Boeing management began prioritizing scheduling over quality and safety, in an effort to get planes out the door.

230. CW-2 recalled that Boeing began the unsafe practice of "traveled work" around 2010. CW-2 explained that to keep up with management's demands and extreme schedule, Boeing prioritized schedule over quality and got unfinished planes out the door even though they were not completely built. CW-2 detailed that Boeing sent unfinished fuselages, along with tools and oversight employees, from its factories in Renton, Washington to its facility in Seattle, Washington to be completed. According to CW-2, Boeing "traveled work" from Renton, Washington to Seattle, Washington.

231. CW-2 explained that Boeing's Renton location is a facility where Boeing manufactured aircraft and that its Seattle location represented Boeing's delivery center for customers. CW-2 stated that aircraft should have been completely build in Renton and then flown to Seattle, because Boeing did not have a manufacturing facility in Seattle to build aircraft. CW-2 explained that aircraft should not have been built in Boeing's Seattle location, which CW-2 described as akin to a "dealership" and "showroom." CW-2 compared Boeing traveling work in

this manner to the Ford Motor Company sending unfinished cars from its factories to dealerships to be built properly.

232. CW-2 explained that the practice of “traveled work” is *inherently unsafe* because the employees charged with finishing the fuselages were not familiar with the job required of them and that they did not have the skillset or knowledge to complete the task correctly. CW-2 recalled that some Boeing employees objected to traveling work due to its unsafe nature but that they were ignored by management. According to CW-2, it became Boeing culture to “travel” work.

233. CW-2 recalled that he and his colleagues used to tell each other that it is going to “take blood” for Boeing management to change. CW-2 further stated that “it takes blood, but that didn’t even cause a change”—referring to the 737 MAX Crashes in October 2018 and March 2019.

234. According to CW-2, *this unsafe practice of “traveled work” continued even after the 737 MAX Crashes in October 2018 and March 2019, and up to his departure from Boeing in 2021.*

235. CW-3 also discussed why traveled work is inherently an unsafe manufacturing process, and that it was driven by production schedules over quality control and safety concerns. CW-3 worked at Boeing from November 2011 through August 2019 as an electrician and mechanic. During his last years at the Company, CW-3 worked on the 737 MAX aircraft.

236. CW-3 advised that “traveled work” was “abundant” because the “production schedule was so tight that there was always so much left to do, so the work was pushed down the line.” CW-3 then elaborated that the work was pushed out to the flight line or down the production line. CW-3 explained that the flight line was the “runway” area where planes were stored for final checks before test flights, but in reality the flight line was where all unfinished or traveled work

was done before the flight tests. CW-3 noted that work should have been finished before the planes went to the flight line, but in practice traveled jobs were being completed there.

237. CW-3 recalled spending about six months in a row on the flight line—as opposed to in the production line—to complete work that had traveled. CW-3 explained that the high amount of traveled work was caused by the production schedule set by management. CW-3 noted that as management sped up its delivery requirements quality went down because there was no time to do it properly—the work had to move on. CW-3 reiterated that quality control for traveled work was a problem because there was no time to do the work properly.

238. CW-3 explained that traveled work included work on the engines, framework, fuel systems, and wings, as examples. CW-3 added that working on all of those parts of the plane was much harder to do on the flight line.

239. CW-3 indicated, however, that the CEO and management’s focus was not on those higher costs but on hitting production milestones. CW-3 described the CEO and management as “cooking the books” in order to claim that the Company was making its production milestones. CW-3 explained that management was paid additional bonuses for each production milestone they hit.

4. Boeing Did Not Properly Conduct Quality Control Over Its Suppliers

240. In addition to the pervasive safety and quality control issues that occurred within Boeing’s own facilities, there were significant safety and quality control issues at Boeing’s suppliers and between those suppliers and Boeing’s facilities.

241. Boeing’s “most important” supplier is Spirit AeroSystems (“Spirit”).³³ Spirit builds the forward fuselage, including the cockpit, for every Boeing airplane and the entire fuselage for the 737 MAX.³⁴ Spirit built fuselages for the 737 MAX in the Spirit factory in Wichita, Kansas before they were shipped to Boeing’s factory in Renton, Washington.

242. Santiago Paredes is a former Quality Manager at Spirit, and worked at the Spirit factory in Wichita, Kansas doing final inspections of the 737 fuselages before they were shipped to Boeing. Mr. Paredes worked at Spirit from 2010 to 2022. Before his departure from Spirit, he led a team of inspectors based at the end of the 737 MAX production line.

243. On May 8, 2024, Mr. Paredes told *CBS News* he often found problems while inspecting the area around the same aircraft door panel that flew off in the middle of the Alaska Airlines Incident. According to a May 9, 2024 *BBC* article, Mr. Paredes was accustomed to finding “*anywhere from 50 to 100, 200*” defects on fuselages that were due to be shipped to Boeing. Mr. Paredes stated, “I was finding a lot of missing fasteners, a lot of bent parts, sometimes even missing parts.” Mr. Paredes explained that: “Working at Spirit, [he] almost grew a fear of flying.” When asked by a *CBS* interviewer if: “He think[s] there are planes out there that you wouldn’t want to fly on?” Mr. Paredes responded: “Knowing what I know about the 737, it makes me very uncomfortable when I fly in one of them.” According to Mr. Paredes, “if quality mattered, I would still be at Spirit,” and “[i]t was very rare for us to look at a job and not find any defects.”

³³ Dominic Gates, *Boeing pumps cash into Spirit AeroSystems to shore up troubled supplier*, SEATTLE TIMES (Oct. 18, 2023), <https://www.seattletimes.com/business/boeing-aerospace/boeing-pumps-cash-into-spirit-aerosystems-to-shore-up-troubled-supplier/> (last access on May 22, 2024).

³⁴ *Id.*

244. Mr. Paredes' allegations reveal that Boeing was not properly conducting manufacturing oversight over its suppliers, including Spirit. According to a *BBC* interview with Mr. Paredes on May 9, 2024:

Santiago Paredes: They weren't focused on the consequences of shipping bad fuselages, they were just focused on meeting the quotas, meeting the schedule, meeting the budget, meeting the numbers. If the numbers looked good, the state of the fuselages didn't really matter and that's how I think the culture was driven at Spirit.

Interviewer: Throughout all this, you're picking out problems on fuselages that are being sent to Boeing. Are fuselages getting through to Boeing that still have flaws that have not been fixed?

Santiago Paredes: The whole time we were there *Boeing knowingly knew that Spirit was sending fuselages with many defects.* Many, many, many of them, you know, bad. *They knew that, they were aware of it.* And Spirit was wrong for sending defective fuselages. *But at the same time, Boeing was also wrong for accepting them.*

245. On May 10, 2024, Mr. Paredes said on *Fox & Friends* that he was pressured to "falsify information" when logging defects in 737 fuselages, and that there was a "lot of pressure from upper management."

246. These allegations concerning Boeing's improper oversight and lack of proper quality control over suppliers are corroborated by CW-5. CW-5 was a Quality Assurance Specialist from June 2023 to November 2023, and was hired as a contractor by Boeing to perform quality assurance on various Boeing aircraft.

247. CW-5 recalled that, at the end of July 2023, his supervisor told him that Spirit needed Boeing quality employees and contractors for the 737 program. CW-5 was therefore sent along with eight other Boeing quality employees and contractors to the Spirit facility in Wichita, Kansas to inspect the 737 program from August 2023 to September 2023.

248. CW-5 detailed that he and another Boeing colleague oversaw quality assurance on section 41 of the Boeing 737, which CW-5 described as the aircraft's nose. CW-5 detailed that when he inspected section 41 of the 737 at Spirit, he marked defects that needed to be fixed with red tape. According to CW-5, Spirit managers often asked him why he was marking certain defects and told him that he should not be marking them and then proceeded to take his red tape identifying the defects that needed fixing off section 41. CW-5 added that following his shift, Spirit managers also removed his red tape without correcting some of the defects that he identified and that the Spirit managers then pretended not to know what happened to his tape when CW-5 came back to work the next day and confronted them about the missing tape.

249. According to CW-5, he and his Boeing colleagues held daily morning meetings with a Boeing 737 Manager located at the Spirit facility in Wichita, Kansas.

250. CW-5 explained that he and his colleagues often complained about the concerns detailed above to the Boeing 737 Manager. ***Shockingly, however, CW-5 stated that the Boeing 737 Manager “never took any action” after CW-5 and his colleagues complained about their concerns.***

251. According to CW-5, the Boeing 737 Manager would say in these daily meetings to CW-5 and his Boeing colleagues that “we all know what is happening,” referring to Spirit's misconduct, but Boeing never took any action to remedy the misconduct. According to CW-5, Boeing prioritized “profits” over quality and pushed aircraft out the door.

252. Given these conditions, CW-5 stated that he was “not surprised” by the January 2024 Alaska Airlines Incident. CW-5 asserted that he knew something bad was bound to happen to a Boeing commercial aircraft.

253. Boeing's failure to properly conduct quality control of its suppliers is also confirmed by CW-8. CW-8 was hired through a contractor as an inspector in Spirit AeroSystems' Wichita, Kansas facility, and held that position for approximately one year, from mid-2022 to mid-2023. He is a certified airplane mechanic with over forty years of experience, including over ten years at Boeing and Spirit. CW-8 was assigned to work on Spirit's 737 production line, specifically on the front section of the fuselage (*i.e.*, Section 41).

254. CW-8 explained that he was overwhelmed with the number of defects he observed on 737 fuselages. He noted that he was writing up to 400 reports (*i.e.*, "squawks") memorializing non-minor defects per day, even though industry standard would have been no more than 50 such reports per day. He observed the same defects numerous times, and even observed instances in which mechanics painted over defects without fixing them. CW-8 also indicated that Spirit managers put production leaders under constant pressure to keep production moving.

255. In his role at Spirit, CW-8 regularly interacted with Boeing contractors who were tasked with inspecting the inside metal work on the 737 fuselages. CW-8 indicated that those Boeing contractors also wrote "squawks" memorializing defects, but the "squawks just rolled down the hill" because they could not all be fixed in a timely manner. He indicated that Spirit supervisors pressured Boeing contract inspectors to perform that work at an unacceptably fast pace, and ultimately, Spirit forbade Boeing contractors from inspecting the inside of the fuselages, limiting their inspections to the outside of the fuselages only. CW-8 also indicated that Spirit did not permit him to inspect fuselages that were already on trains to be transported to Boeing's facility in Renton, Washington.

256. CW-8 specifically warned Boeing's liaison to Spirit, who oversaw the Boeing contract inspectors, about Spirit's quality issues, which the liaison acknowledged. CW-8 also

observed that the liaison attended Spirit's daily meetings at the end of the production line, during which purported repairs were accepted by inspectors (*i.e.*, "jobs" were "bought" by inspectors) prior to full inspections being made, and in some cases, without the defects being repaired, so that production could continue.

257. CW-8 further indicated that Spirit has a team of "travel mechanics" based in Boeing's Renton, Washington plant, working around Boeing mechanics to fix defects in 737 fuselages.

258. Boeing's failure to perform proper quality management is further confirmed by a public whistleblower, who claims to be a "***Current*** Boeing employee"³⁵ with particularized knowledge of the Alaska Airlines Incident, and who posted information online on January 16, 2024. The *Seattle Times* reported that this current employee "appears to have access to Boeing's manufacturing records of the work done assembling the specific Alaska Airlines jet that suffered the blowout [on January 2024]."³⁶

259. According to this current Boeing employee, "[t]he reason the door blew off is stated ***in black and white in Boeing's own records***," and "[i]t . . . speaks volumes about the quality culture at certain points of the business."

260. As summarized by the *Seattle Times*:

The self-described Boeing insider said company records show four bolts that prevent the door plug from sliding up off the door frame stop pads that take the pressurization loads in flight, "were not

³⁵ "Unplanned" removal, installation inspection procedure at Boeing, LEEHAM NEWS (Jan. 15, 2024), <https://leehamnews.com/2024/01/15/unplanned-removal-installation-inspection-procedure-at-boeing/#comment-509962> (last accessed on May 22, 2024).

³⁶ Dominic Gates, *Boeing, not Spirit, mis-installed piece that blew off Alaska MAX 9 jet, industry source says*, SEATTLE TIMES (Jan. 24, 2024), <https://www.seattletimes.com/business/boeing-aerospace/boeing-not-spirit-mis-installed-piece-that-blew-off-alaska-max-9-jet/> (last accessed on May 22, 2024).

installed when Boeing delivered the airplane[,]” the whistleblower stated. ***“Our own records reflect this.”***

The account goes on to describe shocking lapses in Boeing’s quality control process in Renton. The work on the mechanics on the door plug should have been formally inspected and signed off by a Boeing quality inspector. It wasn’t, the whistleblower wrote, because of a process failure and the use of two separate systems to record what work was accomplished.

261. According to the current Boeing employee’s own words, published online:

The mid-exit doors on a [Boeing] 737-9 of both the regular and plug variety come from Spirit already installed in what is supposed to be the final configuration and in the Renton factory, there is a job for the doors team to verify this “final” install and rigging meets drawing requirements. ***In a healthy production system, this would be a “belt and suspenders” sort of check, but the 737 production system is quite far from healthy, its a rambling, shambling, disaster waiting to happen.*** As a result, this check job that should find minimal defects has in the past 365 calendar days recorded ***392 nonconforming findings on 737 mid fuselage door installations*** (so both actual doors for the high density configs, and plugs like the one that blew out).

That is a hideously high and very alarming number, and if our quality system on 737 was healthy, it would have stopped the line and driven the issue back to supplier after the first few instances. Obviously, this did not happen.

Now, on the incident aircraft this check job was completed on 31 August 2023, and did turn up discrepancies, but on the [Right Hand] side door, not the [Left Hand] that actually failed. I could blame the team for missing certain details, but ***given the enormous volume of defects they were already finding and fixing, it was inevitable something would slip through-*** and on the incident [Alaska Airlines Incident] aircraft something did.³⁷

262. The *Seattle Times* indicated that it “does not know the identity of the whistleblower,” adding: “[h]owever, the details provided about the manufacturing process failures

³⁷ “Unplanned” removal, installation inspection procedure at Boeing, LEEHAM NEWS (Jan. 15, 2024), <https://leehamnews.com/2024/01/15/unplanned-removal-installation-inspection-procedure-at-boeing/#comment-509962> (last accessed on May 22, 2024).

that led to the door plug blowout appear authentic and authoritative. The *Seattle Times* confirmed with a Renton mechanic and a former 737 MAX production line manager that the whistleblower's description of how this kind of rework is performed and by whom is accurate."

263. The *Seattle Times* also noted that these statements by the current Boeing employee whistleblower are corroborated by Ed Pierson, one of the public whistleblowers who testified in the April 2024 Congressional Hearing, and whom the *Seattle Times* described as a "former manager of the [737] MAX production line and himself a whistleblower who raised concerns about quality control in Renton[.]" According to the *Seattle Times*, Mr. Pierson "said in an interview Monday the new account of the door plug mis-installation and the error in the recording of the work [described above] 'is very consistent with what I saw in the factory personally.'" The *Seattle Times* reports that after Mr. Pierson read the whistleblower account from the current employee described above, Mr. Pierson stated that "I think there is a very high probability this is accurate."

5. "Out-of-Sequence" Work and Related Deficiencies

264. These allegations of a disorderly and unsafe manufacturing process at Boeing are further corroborated by CW-4, who discussed "out-of-sequence" work. CW-4 was employed with Boeing from January 2013 to January 2023 as a Manufacturing Manager. He reported to a Senior Operations Manager. According to CW-4, he was retaliated against and terminated in January 2023 for pushing back and raising safety concerns to the current Senior Operations Manager.

265. CW-4 stated that he witnessed safety and quality control problems at Boeing from 2019 to January 2023. CW-4 attributed these safety and quality control issues to the fact that Boeing managers wanted to push the 737 MAX aircraft out the door even if they were not ready because they did not want to slow down production. CW-4 further elaborated that the leadership in Boeing's Renton, Washington facility, where CW-4 was stationed, forced managers to pull employees from working on one aircraft to work on another aircraft that needed to be prioritized

because CW-4's team was understaffed, and Boeing needed to get the aircraft out the door. However, CW-4 stated that he told his senior manager that he cannot move his employees from one aircraft to another because his employees cannot leave in the middle of working on an aircraft since it is a safety hazard.

266. CW-4 additionally explained that one to two mechanic teams worked on an aircraft at a time. CW-4 then stated that mechanic teams were *often pushed by their managers to complete their work on the 737 MAX out of sequence* because they did not want to wait for the other mechanic team to complete their work in order. CW-4 further elaborated that the aircraft should be built in sequence, but Boeing managers pushed production and had their teams work on the aircraft out of turn to get them out of the door. CW-4 described this behavior as unethical.

267. CW-4 explained that instead of completing their work in sequence as required (*i.e.*, complete step one, then step two, then step three, etc.), the mechanic teams completed step one, then step four, then step seven, etc., and then the other mechanic team went back to complete the missing steps.

268. According to CW-4, completing work on an aircraft out of sequence led to mechanical and quality control errors, which could damage the aircraft and its engine. CW-4 added that quality control employees caught errors after the aircraft was worked on out of sequence but *sometimes intentionally ignored the fact that the work was completed out of sequence to avoid production delays*.

269. CW-4 further explained that quality control reviewed parts of the aircraft, including hydro fixtures, and stamped them as checked and completed, but because the aircraft were worked on out of sequence, *mechanic teams opened and worked on those parts even after quality control stamped them as completed*. According to CW-4, quality control would not always recheck those

parts, even though they were worked on afterwards (and thus required another quality check). CW-4 added that leadership in the Renton, Washington facility was *aware that this was happening but chose to ignore it because they did not want production delays.*

270. CW-4 further explained that, as a Manufacturing Manager, he and his team locked up different systems, including the hydro engine system, the wings, and the flight deck, because it was unsafe for both the aircraft and the mechanic teams if the aircraft was worked on while its systems were unlocked. CW-4 emphasized that if the aircraft was worked on without being locked down and without his team signing off on the work, it could lead to *catastrophic problems* with the aircraft. CW-4 further elaborated that if the aircraft was worked on without being locked down and without his team signing off on the work, it could lead to damage to the aircraft. CW-4 added that it would be difficult to determine how deep the damage to the aircraft would be if it was worked on without being locked down and without his team signing off on the work.

271. CW-4 stated that between 2019 and January 2023, mechanic teams sneaked on to the 737 MAX to complete their work on the aircraft without its systems locked down and without CW-4's team signing off on their work, creating the safety hazards CW-4 described above.

6. Defendants Improperly Limited the Scope of Recertification of the 737 MAX to Only Address MCAS, and Not Other Unsafe Features

272. Joe Jacobsen is an aerospace engineer with almost forty years of experience. He worked at Boeing from 1984 to 1995 on the Boeing 767 and 777 programs. From 1995 to 2023, he worked in aircraft certification at the FAA. He retired from the FAA in 2021, and for the last fifteen years of his tenure at the FAA, he worked as a technical specialist in performance and handling qualities for transport airplanes. In that role, he was the FAA sponsor of the Aviation Rulemaking Advisory Committee Flight Test Harmonization Working Group, where industry specialists came together to develop, among other things, regulatory and guidance requirements

for new and novel flight control functions (such as the MCAS system). Mr. Jacobsen was also a whistleblower who publicly gave sworn testimony concerning Boeing in the April 2024 Congressional Hearing.

273. According to Mr. Jacobsen’s testimony, “[o]n November 6, 2018, a week after the Lion Air 610 crash, I received an email from a colleague asking if we had done any issue papers on MCAS. Issue papers are the administrative process FAA uses for new and novel designs, or designs that do not have an established method of compliance with the regulations for transport airplanes like the 737 MAX. This was the first day that I heard about MCAS. We had no issue papers, and if we had, I would have been the engineer responsible for providing technical content and comment on such an issue paper.”

274. Mr. Jacobsen then explained:

The next day, although not assigned to this crash investigation, I received an email from a colleague at the FAA which contained flight data recorder (FDR) information from the Lion Air crash. It was immediately obvious to me that the 737 MAX had a serious design flaw. I saw that the horizontal stabilizer was repeatedly moving at a high rate because of a faulty angle of attack (AOA) input. I guessed that a software error was responsible. A few days later, I was shocked to discover that the airplane was purposely designed and certified to use just one AOA input for this flight critical function.

When the House report was released in September of 2020, I finally understood why I hadn’t known about MCAS. Boeing meeting minutes from June 2013 recorded the reason, saying: “If we emphasize MCAS is a new function there may be a greater certification and training impact.” Boeing intentionally hid the design from FAA engineers and airline pilots. Had we known, at least a half dozen experienced FAA engineers in the Seattle office would have immediately rejected the original MCAS design. Boeing’s concealment led to two crashes and 346 deaths.

275. With this context and background, Mr. Jacobsen then explained to Congress that the re-certification efforts of the 737 MAX airplanes, following the Crashes and during the Class

Period, were *purposefully narrowed* in scope by Boeing, and did not fully take into account other unsafe features of the aircraft:

The re-certification of the MAX has been characterized as the most comprehensive in the history of aviation. ***This is also a false narrative.*** During the re-certification of the MAX, FAA leadership supported Boeing’s effort to narrow the scope to primarily focus on MCAS. MCAS was a mess, for sure, but other critical items were off the re-examination table. ***The confusing, non-compliant crew alerting system was off the table. Also, the unreliable backup manual trim system, malfunctioning autothrottle, and manufacturing defects. All these other items contributed to the [Ethiopian Airlines] crash, but only the MCAS threat was fixed.***

276. Mr. Jacobsen then stated that the current “[737] MAX crew alerting system ***doesn’t meet current design standards***, and by my count the old standard has contributed to eight fatal crashes of Boeing aircraft and 885 deaths³⁸ since 1996. Despite this dismal safety record, in July 2022, Boeing Chief Safety Officer Mike Delaney stated: ‘I personally have no belief that there’s value in changing the 737.’ CEO Dave Calhoun lobbied further and said ‘This is a risk I’m willing to take. If I lose the fight, I lose the fight.’ Boeing lobbying efforts succeeded and the ACSAA legislative deadline for producing a compliant MAX crew alerting system was removed.”³⁹

7. **Boeing Employees Were Not Properly Qualified or Licensed, and Engaged in Severe Misconduct While on the Manufacturing Floor**

277. Additionally, Boeing employees were not properly qualified or licensed on the manufacturing floor.

³⁸ The documents used to support this assertion from Mr. Jacobsen were attached to his written testimony, but were not made publicly available by Congress.

³⁹ Mr. Jacobsen was referring to a deadline embedded in the 2020 Aircraft Certification, Safety, and Accountability Act (“ACSAA”, discussed *supra* at Section IV.D), which would have required all planes certified by the Federal Aviation Administration after December 27, 2022 to be equipped with the latest safety standards.

278. CW-2 detailed that aviation companies typically require their flight line employees to maintain an “A&P” license. An A&P license refers to an aircraft maintenance technicians’ Airframe and Powerplant License certification. It consists of two FAA certificates required to become an aviation maintenance technician—and allows individuals to perform maintenance, inspect, and repair aircraft frames and powerplants.

279. CW-2 compared working on an aircraft without an A&P license to a doctor practicing medicine without a medical license. CW-2 explained that it takes approximately two years of schooling to obtain an A&P license.

280. However, CW-2 recalled that Boeing began hiring unlicensed and untrained flight line employees in 2010. According to CW-2, these employees were unfamiliar with working on flight lines.

281. According to CW-2, these employees did not possess an A&P license but instead worked under Boeing’s Repairman certification. CW-2 recalled that these unlicensed employees worked directly on planes and that these were “untrained employees.” CW-2 stated that the employees on the floor at Boeing were “not qualified to do the work,” and “don’t have the qualifications to be on the front lines.” Further, according to CW-2, there was no “right manual,” and “no proper procedures.”

282. *CW-2 explained that this unsafe practice at Boeing continued even after the two 737 MAX Crashes in October 2018 and March 2019 and lasted throughout his tenure, which ended in 2021.*

283. In addition, CW-1 provides evidence of serious employee misconduct. CW-1 was employed with Boeing in multiple positions from February 2012 to February 2024. CW-1 detailed

that he worked as a Manufacturing Operations Manager from 2016 to 2021, Quality Manager from 2021 to 2022, and Quality Manager for Paint from 2022 to February 2024.

284. CW-1 noted that he was transferred twelve times during his tenure in retaliation for bringing quality control and safety concerns to the attention of managers. According to CW-1, it was known within Boeing that you “don’t go against management.”

285. CW-1 recalled that he filed numerous ethics complaints during his tenure at Boeing, the majority of which were about quality control and safety concerns. CW-1 detailed that he filed two ethics complaints between 2019 and his departure in February 2024.

286. CW-1 stated that, in 2022, he was moved to Quality Manager for Paint as retaliation for filing an ethics complaint against a senior manager for hiring friends and asking CW-1 to “target” and write up certain Boeing colleagues. CW-1 specified that he filed an ethics complaint against his senior manager on behalf of his team in approximately February or March 2022. After filing this ethics complaint, CW-1 states that he was retaliated against after his identity was revealed to this senior manager.

287. CW-1 stated that he last filed an ethics complaint at Boeing in April 2022 after he captured and reviewed a Ring video taken from his Columbia River home of two 737 MAX Return to Service Quality Inspectors discussing doing cocaine while working. CW-1 explained that some 737 MAX aircraft during this time were stored and worked on in nearby Moses Lake, Washington. According to CW-1, the video captured Boeing Quality Inspectors discussing doing cocaine outside his home and one Quality Inspector telling the other “I have two grams” but “I should have got an 8 ball” of cocaine.

288. CW-1 provided the Ring video to Lead Counsel.

289. CW-1 stated that Boeing did not take any action after he submitted the April 2022 ethics complaint because according to Boeing, this conversation was not viewed in-person. CW-1 clarified that after he reported the video to Boeing, he was told to hold onto it. However, CW-1 stated that the next day, Boeing told him that they will not review the video because the video was taken at his home, and they must witness drug use or visual impairment at the workplace in order to take action. CW-1 added that the ethics advisor at Boeing did not follow the correct procedures in this instance and told one of the Quality Inspectors captured in the video about the video.

290. CW-1 added that there were multiple complaints about cocaine use from Boeing employees located in Moses Lake, Washington during this time. CW-1 detailed that Boeing had employed three drug dealers in Moses Lake who purchased cocaine from a cartel in the surrounding area. According to CW-1, multiple 737 MAX mechanics, first line, and quality control employees in Moses Lake did “8 balls” of cocaine in portable restrooms (*i.e.* porta potties) while working on 737 MAX aircraft. CW-1 added that he filed a complaint with the local sheriff’s office and was told by the sheriff’s office in response that this was a “well known” problem but that they could not take any action unless these employees were caught in the act. CW-1 explained that it was illegal for Boeing employees to do recreational drugs, including cocaine, because they were federal contractors and the Company prohibited them from any form of drug use.

291. Additionally, CW-1 detailed that a member of his team, Team Lead 787 Interiors Flightline (“787 Team Lead”), witnessed significant safety concerns at Boeing’s North Charleston, South Carolina facility in June 2023. CW-1 detailed that, in June 2023, the 787 Team Lead witnessed a Boeing director stamp off on the functional test of an aircraft and that everything was “100 percent” with that aircraft even though this director was not certified to do so. According to CW-1, this director stamped off that an aircraft was worthy to fly from North Charleston to

Boeing's Everett, Washington facility two to three times *despite not being certified to do so*. CW-1 explained that this could lead to a *catastrophic event* because the pilots flying these aircraft from North Charleston to Everett were not aware that an uncertified director approved their worthiness to fly.

292. CW-1 stated that the 787 Team Lead reported this issue to a Senior Manager, who agreed that this was "completely wrong" and escalated it to Boeing's ethics department. However, CW-1 recalled that Boeing's ethics department did not take any action, which CW-1 noted was a "common theme." CW-1 noted that another friend and former Boeing colleague reported numerous complaints to Boeing's ethics department but that no action was taken in any of those matters and that it was "pointless" reporting anything to the ethics department.

8. Boeing Did Not Implement Effective Safety Measures Following the Crashes

293. Additionally, instead of implementing actual changes on the manufacturing floor, as Boeing told the market it would do following the two 737 MAX Crashes, CW-2 confirmed that Boeing did not implement any new safety procedures and "never really changed" and that the Company did not "skip a beat."

294. CW-2 noted that Boeing "dreaded doing anything to change" following the two Crashes and that the Company continued to disregard safety and looked for production shortcuts. CW-2 added that it was "business as usual" following the two Crashes. According to CW-2, these unsafe practices and unsafe culture started from the "top."

295. CW-2 detailed that following the two Crashes, Boeing executives told employees that they were going to create an internal investigations team to improve safety. However, CW-2 stated that Boeing never actually created an internal investigations team or implemented any new safety measures.

296. Further, CW-2 described that Boeing did introduce the “5S”—which was a process for creating an orderly environment.⁴⁰ However, CW-2 stated that the 5S was more about “straightening up” than actually increasing safety. CW-2 stated that when Boeing’s executives told the public that they were implementing new safety measures following the two Crashes, they were “blowing smoke up everyone’s [butt].” According to CW-2, Boeing executives “didn’t implement, didn’t change anything regarding quality control on the floor.”

297. These allegations are corroborated by CW-7. CW-7 was employed by Boeing from September 1988 until May 2023 in a variety of roles. CW-7 most recently was the Engineering Manager, 787 Operations Control Center from April 2020 until his departure from the Company in May 2023. Prior to this position, CW-7 was the SMS Deputy—Boeing Global Services, FleetCare Safety & Quality Compliance from January 2017 until April 2020.

298. CW-7’s allegations demonstrate that, contrary to the mandates of the Aircraft Certification, Safety, and Accountability Act of 2020 and the FAA, Boeing did not effectively implement the SMS it was required to do after the Crashes.

299. According to CW-7, in his most recent position, he was responsible for SMS customer support, working directly with airlines. CW-7 explained that he was certified by FAA in SMS and that he lobbied for two years for Boeing to implement SMS in his area of the Company. CW-7 noted that Boeing was forced to implement SMS following an order from the FAA following the Crashes but were “dragging their feet” in regards to implementation. CW-7 explained that prior to the order, Boeing was pushing back against implementing SMS and that it was “not on their menu,” and Boeing “wanted no part of it.”

⁴⁰ The 5S appears to refer to the following steps one does on an aviation floor to clean it up: sort, set in place, shine, standardize, and sustain.

300. CW-7 explained that Boeing was instructed to implement SMS in approximately 2019 following the Crashes. According to CW-7, all aircraft manufacturers were required to implement SMS as per the “FAA mandate.” CW-7 further explained that the International Civil Aviation Organization (ICAO), a United Nations agency dealing with aviation, created a mandate requiring SMS, which was signed off on by each member nation aside from the United States and the FAA. According to CW-7, the FAA has their “own version” of SMS.

301. CW-7 explained that he was told that he was the “most qualified and advanced person in SMS” at Boeing. CW-7 stated that he completed a two-week training course with the FAA to become certified in SMS. CW-7 stated that he completed two ICAO courses in 2019 and 2021, and ultimately received certification as an Advanced SMS Practitioner. CW-7 also has relevant university degrees and studies in Aviation Safety.

302. According to CW-7, SMS is not a “cookie cutter” program, and Boeing’s view was that if Boeing created a program and put it in writing then that means they’ve complied.

303. According to CW-7, training at the manufacturing floor level is a “*requirement*” for implementing the SMS, and an essential component of SMS. CW-7 explained that if you have people on the manufacturing floor who do not understand SMS, then “you will fail” implementation of the SMS.

304. Additionally, CW-7 explained that anonymity behind reporting is another key component of SMS.

305. CW-7 explained that Boeing publicly stated that they implemented SMS, and that they “checked the box” of SMS, but CW-7 stated that he did not see that Boeing implemented the safety practices required under SMS. CW-7 reiterated that in order to implement SMS, it “*must*”

be implemented all the way down to the manufacturing floor and incorporate anonymous reporting. According to CW-7, *Boeing did not do this.*

306. First, CW-7 explained that the SMS at Boeing did not align with what was taught at the ICAO and FAA. CW-7 explained that the SMS at Boeing only included “very top-level training,” and “not nuts and bolts for the manufacturing floor.” CW-7 added that the FAA and ICAO would “laugh” if they could see Boeing’s training of SMS. CW-7 recalled that Boeing hired many “college educated” employees to roll out SMS at the Company, none of whom had direct hands-on experience with aircraft. CW-7 said that Boeing’s training on SMS was poor, and he described it as “*ridiculous*” and a “*joke*.” CW-7 added that he had to correct Boeing instructors during his training period. CW-7 explained that those instructing Boeing employees on SMS “did not know what they were doing.” CW-7 explained that Boeing’s approach to SMS was to have trainings to *appear* to be compliant, without employees fully understanding what they are supposed to have learned.

307. Second, CW-7 explained that anonymity behind reporting was “counter” to Boeing’s culture. CW-7 explained that SMS requires a non-punitive reporting structure, but the reporting culture at Boeing was reactive, punitive, and “retaliatory.” Specifically, CW-7 stated that one of the four pillars of SMS is “Promotion,” which establishes a non-punitive reporting structure, which according to CW-7, Boeing does not have. According to CW-7, self-reporters are punished “severely.” CW-7 added that Boeing’s “number one goal” in dealing with self-reporters is to “take them down” and that Boeing relies on a team of former federal investigators to do so.

308. CW-7 explained that Boeing’s Employee Corrective Action Board determines punishments for employees. According to CW-7, a Performance Corrective Action Reviewer (“PCAR”) at Boeing has the power to “ruin someone’s career.” CW-7 further stated that the PCAR

just reviews a report and does not speak to the employee in question. CW-7 explained that the process of reporting at Boeing is that if something is investigated by an investigative team, Boeing then produces an Employee Corrective Action Review Report. According to CW-7, Boeing can destroy a person's career because Boeing has meetings where they read the Employee Corrective Action Review Report, but do not speak with the employees who is the subject of the review. According to CW-7, this leads to a culture where employees do not self-report and have no incentive to self-report, because of fear of this process. Accordingly, CW-7 explained that employees who self-report put their jobs on the line. Further, CW-7 reported that retaliation happens "everyday" at Boeing and that his former colleagues working on the manufacturing floor are "scared."

309. Additionally, CW-7 further elaborated that Boeing has a "Speak Up" program that allows employees to submit what is essentially an "ethics complaint." According to CW-7, this "Speak Up" program came into existence around 2020 or 2021. According to CW-7, Boeing's "Speak Up" program is "a joke" and is not SMS compliant. CW-7 stated that submitting a complaint through the "Speak Up" program is essentially saying "let me sign my own termination." According to CW-7, if a complaint is deemed "valid" by the ethics department then it is forwarded to an investigator. CW-7 explained that Boeing uses the system to go after employees and many employees have lost their jobs as a result of complaints. CW-7 elaborated that the "FAA is not saying you can't punish anything that someone does wrong," but, according to CW-7, the FAA does require due process and a system where employees are free to self-report. According to CW-7, if you report a safety issue it "puts you under the microscope," and CW-7 explained that the Company uses their investigators to find any grounds to the dismiss the reporting employee.

310. CW-7 stated that Boeing works its investigators “to the brink” because Boeing wants the reporting employees “out.” CW-7 explained that Boeing views its employees as “the enemy” during “the build [of the airplanes].”

311. CW-7 explained that Boeing is “all about pushing planes out the door.” CW-7 explained that employees who report issues are subjected to a “kangaroo court” and the retaliatory environment at the Company makes employees afraid to come forward. CW-7 explained that there was a “environment of retaliation” at Boeing.

312. CW-7 also stated that during a portion of his career the group he worked in a utilized program called *Q Pulse* for anonymous reporting by employees. Shockingly, CW-7 stated that senior managers *had access that gave them the name of the employee who reported an issue, and the employee believed they were doing so anonymously.* CW-7 explained that it is his understanding that senior *employees still have access to the name of employees who report anonymously under the new program that is used.*

313. Other confidential witnesses and former employees confirm that Boeing’s safety practices did not change after the Crashes. CW-1 explained that following the Crashes in 2018 and 2019, nothing was done at Boeing to increase safety. Regarding the promises made by Boeing executives to increase safety following the two crashes, CW-1 commented that if you “see their mouths moving, you know that they are lying.” CW-1 recalled that between 2021 and 2022, he led a team that investigated serial numbers for discrepancies and nonconformances. CW-1 added that during this time, he and his team identified discrepancies with serial numbers on different commercial aircraft, including the 737, which he described as a safety concern.

314. Additionally, CW-1 detailed that, during this time, Boeing pulled parts, including flaps and spoilers, off different aircraft and installed them on the 767 even though those parts were

not yet released for the 767. CW-1 clarified that Boeing was installing parts on the 767 even though those parts were not applicable to the 767.

315. As an additional example, CW-1 stated that between 2021 and 2022, Boeing's North Charleston, South Carolina facility installed the wrong inflatable life vests on the 787 and mistakenly installed parts that were labeled "test parts" on commercial aircraft. CW-1 added that there was a discrepancy with how data is collected in Boeing's facilities in Everett, Washington and North Charleston, South Carolina. CW-1 explained that he and his team identified unrecorded data in the North Charleston facility, which exposed a "**major failure**" with its processes.

316. Public whistleblowers confirm that quality management and safety practices at Boeing were never properly implemented following the Crashes.

317. Edward Pierson is a former Boeing 737 Program Senior Manager at Boeing's 737 factory in Renton, Washington, and is currently the Executive Director of The Foundation for Aviation Safety. Mr. Pierson is also a Boeing whistleblower who gave sworn testimony in the April 2024 Congressional Hearing. Mr. Pierson worked for Boeing from May 2008 to August 2018, and he became deeply involved in the aftermath of the Crashes. Specifically, Mr. Pierson "studied the accident investigations in detail, published technical reports, wrote letters to government authorities, analyzed safety reports, talked with the media, lobbied Congress, created a podcast, and started up a foundation to help shine a light on the truth."

318. According to Mr. Pierson in his April 2024 Congressional Hearing testimony: "As a result of the [January 2024] Alaska Airlines incident, people are shocked to learn about Boeing's current production quality issues. I'm not surprised at all, because ***nothing changed after the two MAX crashes. If anything, conditions have only worsened.***"

319. Mr. Pierson claimed: “if government authorities had done their jobs, investigators would have uncovered a mountain of important information about the two crashes and could have acted before Boeing produced 1,000 more potentially defective airplanes. The FAA would have known Boeing’s production processes were a mess years ago. The FAA could have talked with factory workers and realized Boeing’s safety culture was terrible.”

320. Mr. Pierson also testified that: “Boeing routinely states their airplanes ‘meet or exceed all safety standards.’ *This is untrue and misrepresents the safety of the [Boeing] airplanes.* Boeing continues to request exemptions from longstanding legally required engineering safety standards that could result in catastrophic failures. Boeing has proven they are unable to consistently ensure the quality of their supply chain.”

321. Shockingly, Mr. Pierson also revealed that the Company “illegally removed thousands of quality control inspections on individual airplanes without the FAA’s knowledge and without the knowledge of airline customers. Although many of these inspections have been reinstated, hundreds of aircraft have left Boeing factories without those thousands of inspections.”

322. Mr. Pierson concluded by strongly emphasizing that: “*Boeing’s corporate leaders continue to conceal the truth. They continued to mislead and deceive the public about the safety of their airplanes. That is the safety culture at the top of Boeing right now.*”

323. These allegations are further corroborated by another public whistleblower, Roy Irvin, whose written testimony was entered into the public record at the April 2024 Congressional Hearing.

324. Mr. Irvin stated that he was testifying to “describe[] some examples of Boeing culture of shortcuts, pressure, and hostility.”

325. Mr. Irvin “started working at Boeing South Carolina in 2009 as a contractor in quality, [was] hired to a permanent position as a quality investigator from 2011 to late 2017, and worked as a Quality manager from 2017 to December 2020, with the last two years being a flightline quality manager.”

326. Mr. Irvin testified that: “[a]fter the 737 [MAX] incidents, Boeing executive leadership mad[e] a policy that if anyone wanted to advance in management in the [C]ompany, they had to spend time in quality. *This was an effort to make it look like the [C]ompany was really going to focus on quality.*”

327. However, according to Mr. Irvin, Boeing used this policy not to improve quality or safety at the Company, but to create a “dumping ground for managers,” so that they can “advance in the [C]ompany” with “no quality experience.” Mr. Irvin stated that: “[t]his not only eliminated opportunities for good quality employees with quality experience to advance, it opened the door for the bean counters and account[ant]s with no quality experience to assume important quality roles. Quality had always been a dumping ground for managers, *this would make things worse.*”

328. Mr. Irvin provided examples, including an IT manager who was chosen for the position of “senior quality manager.” Mr. Irvin reiterated: “Once again, no quality or aircraft experience, straight to a senior level position. He was chosen over [redacted]⁴¹ who was one of my quality manager counterparts on the flightline. [Redacted] had spent most of li[f]e in aviation and had worked through many roles throughout the value stream . . . yet they chose a guy from IT over [redacted] for the position.”

⁴¹ The redactions in Mr. Irvin’s testimony appear in the written testimony as published by Congress.

329. In another example, Mr. Irvin stated that another employee was moved from “mid body production” straight to “flightline senior quality leadership,” with no “quality experience.” Boeing allowed this mid body production employee to get the “experience on his resume so he could advance in the [C]ompany.”

330. Mr. Irvin further discussed the quality control and safety issues at Boeing during his time as a “Flightline Quality Manager,” which was from approximately December 2018 to December 2020, according to his testimony. His testimony further corroborates the fact that Boeing did not change its practices following the Crashes.

331. He stated that: “[t]he airplanes would come to flightline in various degrees of unfinished condition from the factory (mostly interior items) As a flightline quality manager it was part of my role to review the airplane and build records to determine if the airplane was ok to fly with the unfinished items. Often times the build records would show that certain items were complete and fully installed, when in fact they were not. Many other times it was the opposite condition. Areas of the airplane would be completely put together but the build record would be completely open, which is just as bad because there was no way to tell if torque values, operator certifications, and requirements were met.”

332. Mr. Irvin also discussed traveled work: “the factory was always behind on things that should have been completed in the factory which caused a huge rush on the flightline airplanes, even down to the last days before delivery.” According to Mr. Irvin: “The factory would move the airplanes to the next position with lots of incomplete work from the prior position. By the time the airplane was ready to move to the flightline, work had piled up resulting with much factor [sic] work on the flightline.”

333. Merle Meyers, another whistleblower, was a former Boeing quality manager who worked at Boeing for nearly thirty years, until last year (2023). During the Class Period, Mr. Meyers worked in quality oversight at Boeing's Everett, Washington manufacturing facility.

334. According to an April 24, 2024 *New York Times* article, titled "*Former Boeing Manager Says Workers Mishandled Parts to Meet Deadlines*," Mr. Meyers was "particularly troubled that workers at Boeing's Everett factory felt such pressure to keep production moving that they would find unauthorized ways to get the parts they needed. *That included taking parts assigned to other planes, taking newly delivered components before they could be inspected or logged, or trying to recover parts that had been scrapped.* To Mr. Meyers, *managers did little to dissuade or punish workers from such shortcuts.*" Additionally, Mr. Meyers revealed to the *New York Times* that "[w]hat gets rewarded gets repeated," and "[p]eople get promoted by hustling parts."

335. For example, as the *New York Times* reported, Mr. Meyers' team in 2021 "identified multiple instances in which *employees removed parts from receiving areas before those components could be inspected*, according to documents." The article continued: "In one case, an employee took parts and disposed of the associated paperwork and shipping crates. In another instance, Mr. Meyers shared with corporate investigators an annotated email chain showing that several 787 bulkheads had been removed from a receiving area without the knowledge of quality inspectors." The article further stated that: "Mr. Meyers said that he would notify corporate investigators of such incidents when he believed that the practices he uncovered were widespread and that the company should do more to stop them." However, the "emails he shared with The New York Times also show that his efforts to get the attention of those investigators often ended

in frustration. In some cases, the investigators said they could not substantiate his findings. Mr. Meyers frequently pushed back, succeeding in some cases in prompting additional action, he said.”

336. Shockingly, rather than address Mr. Meyers’ concerns over the widespread issues in quality control and safety, Boeing retaliated against Mr. Meyers and gave him a “written reprimand.” In this reprimand, Boeing blamed him for creating “defective work product, service or output,” but “*didn’t provide any details about what [Mr. Meyers] had [supposedly] done wrong.*”

337. Mr. Meyers’ testimony is “supported by *hundreds of pages of emails and other documents*[,]” according to the *New York Times*. The *New York Times* further reported that “the pressures [Mr. Meyers] described are similar to those identified by other current and former [Boeing] employees.”

9. Following the Crashes, Boeing Still Maintained Its Retaliatory Culture, Which Started from the Top

338. A myriad of whistleblowers and witnesses have come forward indicating that, contrary to Boeing’s affirmations and reassurances, many of its employees have been retaliated against for speaking out regarding Boeing’s lack of safety and quality control practices.

339. Mr. Salehpour testified at the April 2024 Congressional Hearing that he was repeatedly ostracized, reprimanded, and retaliated against due to his efforts to discuss and raise to management his quality control concerns.

340. Specifically, Mr. Salehpour stated that: “*[d]espite what Boeing officials state publicly, there is no safety culture at Boeing and employees like me who speak up about defects with its production activities and lack of quality control are ignored, marginalized, threatened, sidelined, and worse.* After years of trying unsuccessfully to raise concerns internally at Boeing, I chose to make my concerns public because I am deeply troubled, not only by the specific

problems I personally observed while working on the 787 and 777 airplanes, but also by the broader pattern of Boeing ignoring and suppressing safety and quality issues.”

341. Additionally, in the April 2024 Congressional Hearing, U.S. Senator Richard Blumenthal, Chair of the Permanent Subcommittee on Investigations, underscored these grave accounts of retaliation at Boeing, finding that: “[*these whistleblowers have come forward at great personal risk. In fact, a number of them and others have suffered harassment, isolation, transfers, and even threats of physical violence . . .* Just as an example, this tire was in a car that belonged to Mr. Salehpour. He will testify about the circumstances that led to, in effect, a bolt being driven into a tire on his car, which posed not only a symbolic message to him but also a personal risk to his safety.”

342. Merle Meyers was also retaliated against. According to the April 24, 2024 *New York Times* article, Mr. Meyers stated that he was “particularly troubled that workers at Boeing’s Everett factory felt such pressure to keep production moving that they would find unauthorized ways to get the parts they needed. That included taking parts assigned to other planes, taking newly delivered components before they could be inspected or logged, or trying to recover parts that had been scrapped. To Mr. Meyers, managers did little to dissuade or punish workers from such shortcuts.” According to the *New York Times*, Mr. Meyers felt “*both that his concerns were not being taken seriously and that if he stayed at Boeing he might eventually be pushed out.*” After being unfairly reprimanded and retaliated against, in early 2023, Mr. Meyers was offered a “financial incentive to quit, so he took it,” and noted “[i]t was not the departure he had expected or planned for” after working at Boeing for nearly thirty years.”

343. Similarly, *nearly all of the CWs alleged herein* discussed the retaliatory environment at Boeing during the Class Period.

344. **CW-1** recalled that he filed numerous ethics complaints during his tenure at Boeing, the majority of which were about quality control and safety concerns. CW-1 detailed that he filed two ethics complaints between 2019 and his departure in February 2024. CW-1 added that in 2022, he was moved to Quality Manager for Paint as retaliation for filing an ethics complaint against a senior manager for hiring friends and asking CW-1 to “target” and write up certain Boeing colleagues. CW-1 detailed how he was retaliated against after his identity was revealed to the senior manager, following CW-1’s filing of the ethics complaint.

345. **CW-2** stated that following the two 737 MAX Crashes, Boeing was “smart” and did not “overtly” retaliate against employees that spoke up about the Company’s unsafe practices. Instead, CW-2 detailed that Boeing prevented those employees from obtaining the same amount of overtime hours as their colleagues and did not allow them to advance their careers at the Company. CW-2 left the Company on his own accord after noticing the myriad of safety and quality control issues across Boeing.

346. **CW-3** noted that there are several Facebook groups for current and former Boeing employees, and that Boeing has Facebook posts from its employees taken down. CW-3 discussed how he had filed several complaints with Boeing’s ethics department, but Boeing’s response was that they found no record of those complaints. CW-3 commented that many other current and former employees of Boeing were unlikely to come forward because “everyone is so . . . scared of them,” referring to Boeing.

347. **CW-4** explained that he was personally retaliated against and terminated in January 2023 for pushing back and raising safety concerns to a Senior Operations Manager. CW-4 detailed that his team was understaffed, and that his Senior Operations Manager often asked him to move one of his employees from one aircraft to another, which CW-4 described as a safety concern.

CW-4 detailed that his Senior Operations Manager has been the subject of multiple internal investigations for his unethical behavior and for his behavior towards his colleagues, but remains employed at Boeing, because he is “protected.” CW-4 further added that three former Boeing employees were fired because of the Senior Operations Manager. CW-4 stated that he had heated exchanges with the Senior Operations Manager about safety concerns, since 2019.

348. According to CW-4, CW-4 has documentation concerning his allegations about the Boeing Senior Operations Manager. CW-4 provided these documents to Lead Counsel.

349. The documentation that CW-4 provided to Lead Counsel includes a header that says “***Documentation of unsafe practice***” and memorializes events on “2/24/21.” These documents are notes CW-4 emailed to himself and other managers at Boeing. These documents describe the unsafe conduct of the Senior Operations Manager moving employees from one aircraft to another, as discussed above. According to these notes, CW-4 was raising concerns about this conduct and the Senior Operations Manager. The Senior Operations Manager pushed to “complete work/schedule over safety,” which to CW-4, was “unacceptable.” Specifically, CW-4 documented that the Senior Operations Manager wanted to “STOP moving surfaces,” and, according to CW-4’s notes, “You absolutely cannot stop in the middle of moving surfaces,” as it is “literally compromising safety.” CW-4 further indicated in these contemporaneous email notes that “[w]ith all the media attention we are getting with the MAX and most recently, the 777, ***yet there is no accountability or a sense of urgency regarding how important safety is.*** Boeing will be out of business if we continue to allow people with this kind of behavior in leadership roles.”

350. CW-6 was also retaliated against for raising safety concerns. CW-6 was employed with Boeing as an Airplane Safety Engineer from June 2013 to January 2020. CW-6 detailed that he initially worked on the design side of the 777X from 2013 to 2018 and was then transferred to

work on planes in service. CW-6 explained that between 2018 and 2020, he was responsible for investigating events that occurred with planes in fleet and determining what subsequent actions needed to be taken.

351. CW-6 recalled that he raised a safety concern with the 787 flight computers in Fall 2019. CW-6 explained that the 787 had three flight computer displays that reported values. According to CW-6, there were times that two of the flight computer displays indicated one value and the third flight computer display indicated a different value. CW-6 detailed that in those instances, the pilots of the 787 proceeded with the value that the two flight computer displays reported and ignored the value reported by the third flight computer display.

352. CW-6 stated that he investigated this issue and determined that this was a safety concern because there were times that the lone flight computer display reported the correct value and that the two flight computer displays said the incorrect value. CW-6 noted that if the pilots proceeded with the wrong value from the two flight computers and ignored the correct value from the third flight computer, *it could potentially lead to a crash*. CW-6 added that he reported this safety concern to his senior manager in Software Engineering. CW-6 further explained that this hazard involving three flight computer displays was known within Boeing.

353. CW-6 detailed that shortly after identifying this safety concern, he and his manager met with the FAA in Fall 2019. According to CW-6, his manager told CW-6 before the meeting that he should tell the FAA that this problem with the three 787 flight computer displays was okay and was not a safety concern. CW-6 explained that before this meeting, his manager told him to present this issue as “not as serious” as it was; according to CW-6, *Boeing wanted him to present this issue to the FAA as “marginal,” and “less serious than it actually was.”* However, CW-6 stated that he had a conscience and therefore told the FAA that this discrepancy with the 787 flight

computers displays could be a safety concern. CW-6 explained that he told the FAA that it “could be a more serious risk associated with this hazard,” and that Boeing should spend more time to look into this issue.

354. CW-6 recalled that following this meeting with the FAA, he was retaliated against by his manager for bringing this safety concern to the attention of the FAA and was demoted and taken off the 787. CW-6 explained that his manager officially attributed CW-6’s demotion to his young age and inexperience. CW-6 added that he departed Boeing shortly after his demotion.

355. CW-7 was also personally retaliated against. CW-7 detailed how he reported his senior manager for questionable conduct to the ethics department at Boeing, and prior to reporting he was told that “[the manager] will get you fired” and this manager had gotten others fired in the past. According to CW-7, following the manager’s interview with investigator, the complaint was turned around on CW-7, and he was fired. CW-7 explained that he took his case to the Employment Security Department (ESD) of Washington State, and despite Boeing submitting a statement discrediting CW-7, the ESD ruled in CW-7’s favor. According to CW-7, the State of Washington found “no misconduct” on his part. CW-7 continued to say that he has since been “blacklisted” in the aviation industry and has been unable to get another job in aviation after leaving Boeing even though he possesses an extensive resume.

10. Many More Whistleblowers Exist

356. In a March 29, 2024 *New York Times* article titled “‘*Shortcuts Everywhere*’: How Boeing Favored Speed Over Quality,” the *New York Times* reported that there were many “current and former Boeing employees, most of whom spoke on the condition of anonymity because they were not authorized to speak to reporters and feared retaliation, offered examples of how quality has suffered over the years.”

357. Specifically, “[o]ne quality manager in Washington State who left Boeing last year said workers assembling planes would sometimes try to install parts that had not been logged or inspected, an attempt to save time by circumventing quality procedures intended to weed out defective or substandard components.” The article continued: “[i]n one case, the employee said, a worker sent parts from a receiving area straight to the factory floor before a required inspection.”

358. The *New York Times* further stated that “[a] worker **currently** at Boeing’s 787 Dreamliner factory in North Charleston, S.C., described seeing numerous problems on planes being assembled, including wires being routed incorrectly, raising the risk that they could rub against one another, resulting in damage.”

359. The article continued: “[s]everal current and former employees in South Carolina and in Washington State said mechanics building planes were allowed in some instances sign off on their own work. Such ‘self-verification’ removes a crucial layer of quality control, they said.”

360. Separately, the *New York Post* reported on May 4, 2024 that “Boeing faces 10 more whistleblowers after two die.”

361. The first whistleblower who has died, John Barnett, worked as a Quality Manager at Boeing’s North Charleston, South Carolina factory. Mr. Barnett was employed at Boeing for three decades, until his retirement in March 2017. On November 5, 2019, Mr. Barnett told the *BBC* that in “the rush to get new aircraft off the production line . . . the assembly process was rushed and safety was compromised.” *BBC* noted in its November 5, 2019 article that “[Boeing] denies this and insists that ‘safety, quality, and integrity are at the core of Boeing’s values.’”

362. According to the May 4, 2024 *New York Post* article, after the death of whistleblower John Barnett on March 9, 2024,⁴² “[a] second whistleblower [Joshua Dean] has died under mysterious circumstances, just two months after another [Mr. Barnett] allegedly shot himself in the head – and the attorneys for both men hope their deaths don’t scare away the at least **10 more whistleblowers** who want the [C]ompany to clean up its act.”

363. And a May 14, 2024 article titled “*Dead Boeing Whistleblowers’ Lawyer: 10 More Raising ‘Serious’ Issues*,” *Newsweek* reported that—according to the attorneys for these ten whistleblowers—these ten whistleblowers “*were all raising serious quality and safety issues that they had reported internally and then ended up reporting to regulators.*”

364. These ten whistleblowers referred to by these articles have not gone public with their statements, and thus, are not included in this Amended Complaint. However, the fact that there are at least ten more whistleblowers not named in this Amended Complaint further corroborates the widespread and pervasive nature of Boeing’s lapses in quality control and safety.

H. THE TRUTH IS REVEALED

1. The Alaska Airlines Incident

365. The truth about the pervasive, systemic manufacturing process and quality issues that rendered Boeing’s airplanes unsafe and Defendants’ statements throughout the Class Period materially false and misleading began to emerge on Friday, January 5, 2024. That evening, Alaska Airlines Flight 1282 was forced to make an emergency landing minutes after take-off when a door plug in the fuselage blew off mid-flight. This left a gaping hole in one side of the plane’s cabin

⁴² According to the *New York Post* article and other reports, “Barnett, who had worked for Boeing for 32 years, was found dead in his Dodge Ram truck holding a silver pistol in his hand in the parking lot of his South Carolina hotel after he failed to show up for the second part of his testimony for a . . . lawsuit against [Boeing].”

mere feet from where passengers were sitting. The intense depressurization of the aircraft, while mid-flight “twisted the metal of the seats nearby,” and forced passengers’ headsets, devices, and even the clothing they were wearing to be sucked out of the plane. The incident resulted in a torrent of revelations about Boeing’s systemic failure to maintain quality in its manufacturing processes, in stark contrast to Defendants’ public statements about Boeing’s production quality, safety, and culture.

366. Soon after the Alaska Airlines Incident, the NTSB announced on the social media platform X (formerly Twitter) that it was investigating the incident. The next day, the FAA issued Emergency Airworthiness Directive (“EAD”) 2024-02-51 temporarily grounding 171 Boeing 737 MAX 9 jets as it began safety inspections of 737 MAX 9 airplanes alongside Boeing and airline operators. FAA Administrator Mike Whitaker was quoted on the FAA’s X account on January 6, 2024 explaining, “[s]afety will continue to drive our decision-making as we assist the NTSB’s investigation into Alaska Airlines Flight 1282.” Jennifer Homendy, Chair of the NTSB, commented on the agency’s ongoing investigation during a media briefing on January 6, 2024. When asked if the NTSB’s investigation would examine Boeing’s manufacturing processes, Homendy responded that “[a]t this stage of the investigation, everything is in. We go very broad. Nothing is excluded.”

367. The Alaska Airlines Incident started to reveal to the investing public that Boeing was experiencing pervasive manufacturing and quality issues, which significantly compromised the safety of its airplanes. Boeing’s stock price dropped after analysts and investors spent the weekend digesting the available information about the Alaska Airlines Incident. Analysts specifically noted that the incident was likely indicative of manufacturing quality issues at Boeing.

368. For example, on January 6, 2024, in a report titled, “Not again; thoughts on the Alaska MAX issue,” an analyst at Seaport Research Partners wrote that “the latest B737 MAX incident likely causes [Boeing] to underperform short-term. . . . Unless information is available before the Monday open indicating this latest MAX issue was a unique, one-time, or extraordinary incident, we expect the stock to dip.” Seaport discussed the realistic possibility that the incident was caused by manufacturing process issues at Boeing that “could take months to resolve as they require fixing existing aircraft and changing manufacturing processes.”

369. Additionally, Morgan Stanley, in its January 7, 2024 analyst report titled, “737 MAX Production: Quality vs. Quantity?” wrote:

What the temporary grounding of certain 737 MAX 9 aircraft highlights to us is that ramping-up production of the Boeing 737 MAX amidst a mounting list of quality issues may be more challenging than what the market expects. Balancing quality vs. quantity has been difficult for Boeing and will likely continue to be difficult. In our view, without significant improvement in quality control, a steep ramp-up in aircraft production would be unlikely and most importantly, imprudent.

370. Similarly, Bank of America Global Research reported on January 7, 2024, “[i]n our view, with the limited information we have at this early stage, this appears to be a manufacturing quality escape [*i.e.*, quality deficiency] as opposed to a design issue.” Bank of America explained, “[a]n escape of this nature makes one question the quality control of the 737 delivery ramp and the impact of inexperienced labor on both Boeing and its supply chain.” Calling the incident “[a]nother hit to Boeing[’s] reputation,” Bank of America continued, “[w]e do see the latest incident as eroding the fragile confidence that has been built around the 737 MAX franchise. In our view, Boeing needs to tread carefully and cautiously through this potential reputational minefield.”

371. In direct response to the Alaska Airlines Incident, the consequent FAA and NTSB investigations, and the grounding of the 737 MAX 9, Boeing stock *plummeted* \$20.00 per share or 8.0% from its previous closing price of \$249.00 on Friday, January 5, 2024 to close at \$229.00 per share on Monday, January 8, 2024.

2. United Airlines Announces Loose Bolts on Its 737 MAX 9 Airplanes

372. After the market closed on January 8, 2024, news reports emerged that United Airlines had discovered loose bolts in its door plugs when conducting an FAA-mandated investigation of its grounded 737 MAX 9 airplanes following the Alaska Airlines Incident. Similarly, reports emerged that Alaska Airlines had disclosed that its technicians had found “loose hardware” in preliminary assessments of other 737 MAX 9 aircraft in its fleet. The news confirmed for the market that the issue that caused the detached door plug in the Alaska Airlines Incident affected more than a single aircraft, further evincing serious issues with Boeing’s manufacturing processes.

373. As RBC explained in its January 8, 2024 analyst report: “With a second airline finding issues, the root cause is more likely to be an installation issue than an issue at one of the airlines. Investors are now focusing on the potential for a slowdown in MAX production and deliveries.” RBC explained that the incident was likely to cause “reputational damage” in light of Boeing “facing fresh credibility issues[.]”

374. Similarly, Seaport Research Partners wrote, on January 9, 2024, that “[c]learly our Buy rating prior to Alaska 1282 was wrong.” Seaport Research Partners’ update on the Alaska Airlines Incident explained that “[a]vailable data increasingly suggests the cause of the Alaska 1282 incident was a manufacturing/process issue[.]” and that “[l]oose bolts found on multiple aircrafts indicates [Boeing] has a manufacturing/process issue and hasn’t resolved its quality control problems.”

375. Additionally, on January 9, 2024, in a safety meeting with employees concerning the Alaska Airlines Incident, Defendant Calhoun stated that Boeing was “acknowledging our mistake.”

376. Boeing’s stock declined further in response to those revelations, falling from its closing price of \$229.00 per share on Monday, January 8, 2024 to \$225.76 at the close of the market on January 9, 2024.

3. The FAA Launches Investigation and Increases Oversight of Boeing

377. On January 11, 2024, the FAA announced that it had formally notified Boeing that it was conducting an investigation to determine if Boeing had failed to ensure that its airplanes conformed to their approved design and were in a condition for safe operation in compliance with FAA regulations.

378. After markets closed that day, news outlets reported that six Alaska Airlines passengers on Flight 1282 and a family member of one of those passengers had filed a class action lawsuit against Boeing in Washington state court. The plaintiffs in that lawsuit assert that Boeing owes them and the other 165 passengers aboard Flight 1282 compensation for injuries sustained during the incident.

379. Additionally, before markets opened on January 12, 2024, news outlets reported that the FAA would increase oversight of Boeing’s production and manufacturing processes. On that day, the FAA itself confirmed that it was conducting an audit involving the Boeing 737 MAX 9 production line and its suppliers to evaluate compliance with approved quality procedures, that it planned to increase its monitoring of the 737 MAX 9, and that it was contemplating the use of an independent third party to oversee inspections and quality systems. FAA Administrator Mike Whitaker told *CNBC* that the new MAX 9 had “significant problems” and stated, “[w]e believe

there are other manufacturing problems.” Mr. Whitaker also noted that the FAA was considering the use of an “independent third party to oversee Boeing’s inspections and its quality system.”

380. The FAA’s announcement of a formal investigation and audit of Boeing’s quality procedures further disclosed the extent of Boeing’s failure of oversight in assuring quality and safety, which resulted in dangerous quality deficiencies. Boeing’s stock price declined as the market learned the additional information about the FAA’s investigation and the breadth of Boeing’s manufacturing problems.

381. As Jefferies explained in its January 11, 2024 analyst report, the FAA’s “probe alleges [Boeing] may have failed to ensure conformance of its aircraft design and that it failed to ensure a safe operating condition in accordance with quality system inspection and test procedures.”

382. Likewise, in its January 16, 2024 analyst report titled, “A slowly rising phoenix – turning around Boeing to take longer than expected,” Bank of America explained, “[w]e believe the MAX 9 issue will only put further pressure on Boeing management, as these incidents reflect less than expected progress on improving execution in the wake of the initial MAX grounding and COVID slowdown. Aside from results of the NTSB and FAA investigations, regulators will likely look for more change from within Boeing. We would not be surprised to see regulators, investors and customers push for a turnover in the ranks of senior management and the Board of Directors.”

383. Additionally, Wells Fargo downgraded Boeing’s stock on January 16, 2024, citing risks associated with the FAA’s inspection of Boeing’s production. Wells Fargo noted, “[Boeing] has struggled with quality issues for some time; what’s new is an outside party taking a closer look. . . . Given [Boeing’s] recent track record, and greater incentive for FAA to find problems, we think the odds of a clean audit are low.” Wells Fargo explained that their “bull” case for Boeing

“looks broken.” Wells Fargo’s report explained that its bull case was “based on 737s being liquidated from inventory and production costs normalizing, and supported by China likely restarting deliveries this year. All three seem at risk given the Alaska Airlines incident and FAA follow-on oversight.”

384. In response to the news, Boeing’s stock price fell from its opening price of \$228.07 to a closing price of \$222.66 per share on January 11, 2024, and fell further on January 12, 2024, opening at \$219.97 and closing even lower at \$217.70 per share.

4. China Delays Acceptance of 737 MAX Deliveries

385. On Sunday, January 14, 2024, the *Wall Street Journal* reported that China Southern Airlines—which was set to receive the first delivery of a 737 MAX aircraft in China since the 2019 Ethiopian Airlines Crash—had decided to conduct additional safety inspections as instructed by China’s aviation regulator in the wake of the Alaska Airlines Incident, further delaying the long-awaited delivery of aircraft to the Chinese airline. The *Wall Street Journal* explained: “the airline is planning to conduct additional safety inspections on those aircraft following the [Alaska Airlines] incident, the people said, though the jets to be delivered aren’t the same variant as Alaska’s MAX 9. It couldn’t be determined how long the additional inspections could take, but they add uncertainty to the timing of the deliveries, which have been frozen by Beijing for years since two fatal crashes of the 737 MAX 8.”

386. Boeing’s stock price declined the next trading day on Tuesday,⁴³ January 16, 2024, as investors learned that Boeing’s pervasive quality issues persisted and were interfering with deliveries to the critical Chinese market. As a William Blair analyst explained on January 18, 2024, “[s]hares of Boeing traded down 8% on Tuesday, January 16. We attribute the weakness

⁴³ Markets were closed on Monday, January 15, 2024 for Martin Luther King Jr. Day.

largely to the potential for MAX deliveries to China to experience further delays, after they were poised to resume. On Sunday, the Wall Street Journal reported that China Southern Airlines, which was set to begin receiving MAX 8 deliveries as early as January, is planning to conduct additional safety inspections prior to accepting delivery. Investors have long-awaited the resumption of MAX deliveries to China, which have been suspended since two fatal crashes in 2019. Prior to the fatal incidents in 2019 and the pandemic in 2020, Chinese sales represented more than 20% of Boeing's total commercial aircraft revenue."

387. Boeing's stock price declined in response to this news, falling from its closing price of \$217.70 per share on January 12, 2024 to an opening price of \$210.07 per share on January 16, 2024, and continuing to fall that day to close at \$200.52 per share on January 16, 2024.

5. The FAA Issues a Safety Alert Concerning the 737-900ER

388. On Sunday, January 21, 2024, the FAA issued a Safety Alert for Operators ("SAFO") encouraging airlines to inspect the Boeing 737-900ER mid-exit door plugs, which have an identical design as those on the 737 MAX 9. The news confirmed that Boeing's safety and quality issues affected more airplane models than just the 737 MAX 9, and thus required more far-reaching oversight from the FAA.

389. Boeing's stock price declined in response to the news, opening at \$213.07 per share on Monday, January 22, 2024 (compared to its \$215.02 closing price the week before) and closing that day at \$214.93 per share.

6. News Emerges That the Door Plug Involved in the Alaska Airlines Incident Was Improperly Reinstalled at Boeing's Own Factory

390. Before trading hours on January 24, 2024, *The Seattle Times* published an article titled, "Boeing, not Spirit, mis-installed piece that blew off Alaska MAX 9 jet, industry source says." The article reported that the fuselage panel involved in the Alaska Airlines Incident "was

removed for repair then reinstalled improperly by Boeing mechanics on the Renton final assembly line, a person familiar with the details of the work told the *Seattle Times*.” *The Seattle Times* explained that “[i]f verified by the National Transportation Safety Board investigation, this would leave Boeing primarily at fault for the accident[.]”

391. The market reacted negatively to *The Seattle Times*’s report, which offered important evidence that the Alaska Airlines Incident was indeed caused by manufacturing process errors and quality issues at Boeing’s factories. For example, Jefferies published a report on January 24, 2024 titled, “One Positive, One Negative: China MAX Takes Flight, With Plug Door Update” summarizing *The Seattle Times*’s “[u]nconfirmed [r]eport,” explaining that it “could imply that [Boeing] was primarily at fault for the incident.”

392. Boeing’s stock price declined in response to *The Seattle Times* article, opening at \$209.83 per share on January 24, 2024 compared to the previous day’s closing price of \$211.50 on January 23, 2024.

7. The FAA Halts Boeing’s 737 MAX Production to Improve Quality Control

393. On Wednesday, January 24, 2024, the FAA announced that it had informed Boeing that it had approved a thorough inspection and maintenance process that, once completed, would allow eligible grounded 737 MAX 9 aircraft to return to service, but that it would “not agree to any request from Boeing for an expansion in production or approve additional production lines for the 737 MAX until we are satisfied that the quality control issues uncovered during this process are resolved.”

394. Specifically, the FAA stated on January 24, 2024 in a press release: “[a]fter grounding the Boeing 737-9 MAX aircraft in early January, the FAA has laid out a series of actions to increase oversight of Boeing’s production lines. ‘*The quality assurance issues we have seen*

are unacceptable,' said FAA Administrator Mike Whitaker. 'That is why we will have more boots on the ground closely scrutinizing and monitoring production and manufacturing activities.'”

395. The oversight activities included: (1) “Capping expanded production of new Boeing 737 MAX aircraft to ensure accountability and full compliance with required quality control procedures.” (2) “Launching an investigation scrutinizing Boeing’s compliance with manufacturing requirements. The FAA will use the full extent of its enforcement authority to ensure the company is held accountable for any non-compliance.” (3) “Aggressively expanding oversight of new aircraft with increased floor presence at all Boeing’s facilities.” (4) “Closely monitoring data to identify risk.” and (5) “Launching an analysis of potential safety-focused reforms around quality control and delegation.”

396. The FAA’s announcement of all the above further confirmed to the market the scope and severity of Boeing’s quality control deficiencies.

397. For example, JP Morgan explained in its January 24, 2024 analyst report titled, “Two Steps Forward, One Step Back” that “[e]ver since the Alaska incident, investors’ main concern has been that it would affect the overall 737 production ramp and it seems we’ve reached this stage today, with the FAA halting Boeing plans to expand MAX production pending improved quality control.” JP Morgan explained: “the longer the halt lasts the more damaging it will be to the planned ramp, though it will serve a good purpose if it prevents future quality lapses.”

398. Bank of America also commented on the FAA’s decision to cap 737 MAX production at current levels, noting in a January 25, 2024 report that Boeing was “in the spotlight of materially increased regulatory scrutiny” and that “[t]he subsequent grounding and FAA mandated production rate freeze at current levels will likely prevent Boeing from reaching its 2025/2026 production, delivery, and FCF goals outlined during its 2022 investor day. We expect

the FAA ruling to delay [Boeing's] 737 ramp by roughly a year.” The report explained that the FAA’s decision “comes after 1) a *Seattle Times* report suggested that Boeing may likely be to blame for the unsecured door plug that caused the Alaska Airlines incident and 2) airlines found other loose bolts and discrepancies during recent 737 MAX 9 inspections.” In discussing the risks of the FAA investigation to the pending certification of Boeing’s MAX-7 and MAX-10 airplanes, Bank of America wrote: “[t]he production cap confirms that woes have expanded to all 737 MAX models. In our view, *this is a nearly worst-case scenario.*”

399. In response to this news that the FAA was halting production expansion of the MAX aircraft pending resolution of quality control deficiencies, Boeing’s stock price fell from its closing price of \$214.13 per share on January 24, 2024 to an opening price of \$208.20 on January 25, 2024, and fell even further during that day to close at \$201.88 per share.

8. The Wall Street Journal Reports That the Alaska Airlines Plane Left Boeing’s Factory Without Critical Bolts

400. On January 29, 2024, the *Wall Street Journal* published an article titled, “Alaska Airlines Plane Appears to Have Left Boeing Factory Without Critical Bolts,” which further corroborated the *Seattle Times*’s unverified report from four days earlier, and explained that “Boeing and other industry officials increasingly believe the plane maker’s employees failed to put back the bolts when they reinstalled a 737 MAX 9 plug door after opening or removing it during production, according to people familiar with the matter.” The article explained that Boeing’s supplier “Spirit AeroSystems delivered the 737 fuselage to Boeing’s factory with the door plug installed,” and Boeing “opened or removed the door plug” after receiving the fuselage, indicating that the manufacturing error occurred at Boeing’s factory. The article also noted the existence of “paperwork and process lapses at Boeing’s Renton, Wash., factory related to the company’s work on the plug door.” The article explained that “[t]he Alaska accident has renewed

scrutiny of problems with Boeing's quality controls and supplier oversight, which have surfaced in recent years on various commercial and military aircraft."

401. Boeing's stock fell to a closing price of \$205.19 per share on January 29, 2024, down from its \$206.06 per share opening price that day, in response to the *Wall Street Journal* article, which offered convincing evidence of the role of manufacturing process failures at Boeing in causing the Alaska Airlines Incident.

9. Boeing Withdraws a Safety Exemption Request for the 737 MAX 7

402. Before the market opened on January 30, 2024, news outlets reported that Boeing had withdrawn a request to the FAA for a safety exemption which would permit certification of the 737 MAX 7 despite an issue with the plane's engine de-icing system. Boeing reportedly withdrew its request for an exemption following pressure in the wake of the Alaska Airlines Incident.

403. On January 30, 2024, JP Morgan explained that the FAA's production rate freeze and Boeing's withdrawal of the safety exemption request "all comes in a context in which lawmakers and regulators have been tough on Boeing but this toughness is warranted and there is really no other acceptable stance for public officials." JP Morgan explained: "Where they go from here is TBD and will depend in part on Boeing's willingness to take steps to assure regulators and lawmakers that quality will improve."

404. As the market learned that this additional fallout from Boeing's quality issues was impacting the certification of Boeing's other airplanes, the Company's stock fell from a closing price of \$205.19 per share on January 29, 2024 to an opening price of \$203.65 per share on January 30, 2024, and fell even further that day to \$200.44 per share.

10. Defendant Calhoun Admits Boeing’s Fault in the Alaska Airlines Incident

405. Defendant Calhoun discussed the Alaska Airlines Incident on Boeing’s January 31, 2024 Q4 2023 earnings call. Calhoun admitted in unequivocal terms that: “[w]e *caused the problem and we understand that*” and “*Boeing is accountable for what happened.*”

406. Defendant Calhoun further told the market that, contrary to what investors were led to believe during the Class Period, Boeing would *now* be instituting “quality controls and inspections,” would “issue[] bulletins to suppliers to strengthen the focus on conformance and reducing the risks of quality escapes,” and would “conduct a comprehensive and independent review of our commercial airplane quality management system.”

11. Boeing Announces a Reduced Production Rate

407. On February 13, 2024, Defendant West presented at the TD Cowen Aerospace & Defense Conference, where West acknowledged that “the FAA has increased oversight, and we welcome it.” Defendant West explained that “we have a 38-per-month cycle” for producing airplanes on the supply chain, and announced that “[f]irst half output will be lower than that because we have to acknowledge that we have lots of things to focus on in terms of keeping the airplanes in position longer so that we can incorporate all the learnings that we’re finding.” In other words, West announced that, due to investigations into Boeing’s quality issues, Boeing’s 737 production rate would be slower than 38-per-month for at least the first half of 2024.

408. Analysts reacted negatively to the decreased production rate following the conference. For example, a William Blair analyst explained on February 13, 2024, “Boeing’s comments at the conference are a negative development as production is now expected to be lower than 38 per month for at least half of 2024.” Similarly, Jefferies noted on February 14, 2024, that

“West [] announced at a conference that H1 production would stand below 38/mo, although at an unspecified level, due to periodic pauses in the line to focus on quality.”

409. Boeing’s stock price declined in response to the Company’s announcement of decreased production, falling from \$206.90 to \$204.46 per share on February 13, 2024, and closing at \$203.38 on February 14, 2024.

12. The FAA Publishes the Results of Its Expert Panel Review of Boeing

410. On February 26, 2024, the FAA published its Expert Panel Report that reviewed Boeing’s safety systems and safety culture, and considered Boeing’s “safety management policies, processes, and activities from 2009 through February 2024.”

411. Following the 2018 and 2019 Crashes, the Aircraft Certification, Safety, and Accountability Act created the Expert Panel for the express purpose of conducting a review of Boeing’s safety systems and culture. The FAA Expert Panel Report “identifies the Administrator of the FAA and Congressional committees of jurisdiction as recipients of this report.”

412. The Aircraft Certification, Safety, and Accountability Act required the “Expert Panel to review [Boeing’s] safety management processes and their effectiveness,” and to make “recommendations to the Administrator regarding the suggested actions to address any deficiencies.”

413. According to the FAA Expert Panel Report, “[f]ollowing its review, the Expert Panel identified 27 findings and 53 associated recommendations. The findings and recommendations are based upon the [Expert] Panel’s expertise and *review of more than 4,000 pages of Boeing documents, seven surveys, over 250 interviews, and meetings with Boeing employees across six company locations.*”

414. According to the FAA Expert Panel Report, to “fulfill the requirements of Section 103 of the [ACSAA], the FAA solicited and selected the Expert Panel which convened on March 1, 2023.”

415. The FAA Expert Panel Report further outlined the investigative process of the Expert Panel:

More than 4,000 pages of documents received from Boeing were stamped as Boeing Proprietary. The NDAs inhibited the Expert Panel from using assistants to aid in discovery. The NDAs also precluded including proprietary information in this report. The Expert Panel met as a plenary at least 2 hours per week from March 2023 to February 2024, where the Expert Panel further refined the discovery process, conducted workshops, or received presentations from Boeing or from the FAA. During the weekly meetings, the Expert Panel aligned on subsequent requests to Boeing in support of Expert Panel plans. Boeing provided two points-of-contact (POC), and all requests were communicated through the POC. Collaboratively, the Expert Panel and the POC established a process that allowed the Expert Panel to request and receive documents from Boeing. All Boeing documents were marked for release to the Expert Panel for use within the parameters of the NDA. In April 2023, the Expert Panel visited a Boeing facility in the Puget Sound region to meet with members of Boeing’s Chief Aerospace Safety Office (CASO) and administrators of the Boeing ODA. This meeting provided the Expert Panel direct contact with Boeing leadership and allowed the company an opportunity to present its safety culture, SMS, and ODA topics. The Expert Panel created three teams to facilitate the discovery process and to identify, review, and summarize information from documentation, surveys, and interviews.

416. Further, the FAA Expert Panel Report states that: “on several occasions during the Expert Panel’s activities, serious quality issues with Boeing products became public. *These quality issues amplified the Expert Panel’s concerns that the safety-related messages or behaviors are not being implemented across the entire Boeing population.*”

417. According to the Report, “[w]ithin six months of the issuance of this report, Boeing should review the recommendations contained in this report and develop an action plan that

includes a milestone-based approach that comprehensively address each recommendation. Boeing should then share that action plan, including implementation dates with the FAA.”

418. The findings of the Expert Panel, as relevant herein, and as documented in the FAA Expert Panel Report, are listed below:

- Finding No. 1 – “In Expert Panel interviews, and in conjunction with union surveys conducted by the [unions], *many Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures.*”
- Finding No. 4 – “The Expert Panel learned managers that are authorized to oversee employee performance evaluations, salary decisions, promotions, and disciplinary actions might also be tasked with investigative duties in the SMS framework. This arrangement could lead to a manager investigating a report within their own reporting chain, potentially compromising Boeing’s commitment to a non-retaliatory and impartial environment. This dual responsibility and authority *create, among some employees, hesitation in reporting safety concerns for fear of retaliation.*”
- Finding No. 5 – “*The Expert Panel could not identify a consistent and clear safety reporting channel or process within the business unit*, nor a successful process in which the employee is informed of the outcome of the report.”
- Finding No. 6 – “The Expert Panel could not verify whether safety concerns reported *directly to the management chain were captured and resolved in a systematic manner.*”
- Finding No. 8 – “Similar to Finding [No.] 1, in Expert Panel interviews, and in conjunction with union survey conducted by [the unions], *many Boeing employees did not demonstrate knowledge of Boeing’s SMS efforts, nor its purpose and procedures.*”
- Finding No. 9 – “Boeing primarily focused its SMS implementation efforts on safety risk management (SRM), which is only one fundamental pillar of the ICAO⁴⁴ or Boeing SMS structure. To some extent, Boeing also focused on the pillar of safety policy. ICAO guidance offers SMS is intended to be implemented as an integrated structure. Successful implementation requires all pillars of the

⁴⁴ ICAO refers to the International Civil Aviation Organization, a United Nations agency dealing with aviation.

ICAO SMS structure, which are safety policy and objectives, safety risk management, safety assurance, and safety promotion. ***The Expert Panel observed that these pillars have not been fully implemented.***

- Finding No. 16 – “The ODA reorganization and Boeing’s UM interference training measures did not eliminate the potential for negative behavior toward UMs⁴⁵ (e.g., limited career growth) when UMs raise safety concerns or exercise delegated functions that result in decision not favorable to the company. ***Interviewees shared examples of unintended consequences when concerns of potential interference and retaliation are raised. Some UMs reported changes in behavior from their leadership and unrequested changes in assignments.***”
- Finding No. 17 – “Boeing undertook many measures to ensure the capability of its ODA unit to make reasonable and appropriate decisions regarding its delegated functions. However, ***Boeing did not provide the Expert Panel with metrics or KPIs relative to those initiatives when asked for such data. Boeing did not produce quantifiable measures which led Expert Panel members to conclude Boeing is not actively monitoring the efficacy of these initiatives.*** Consequently, the Expert Panel cannot ascertain the tangible impact of Boeing’s measures or to what degree Boeing instilled a commitment to safety above all other priorities among its employees supporting ODA functions.”
- Finding No. 24 – “The Expert Panel could not find command media that ensured the ***pilot’s safety of flight concerns are adequately addressed independent of the individual occupying executive leadership positions.*** The Expert Panel recognizes Boeing’s pilots are uniquely qualified to identify safety issues and hazards inherent to the aircraft design that may affect the safe operation of an aircraft.”

419. Analysts commented on the release of this FAA Expert Panel Report. As explained by Jefferies in its February 26, 2024 analyst report: “Observations were logged around a disconnect between [Boeing’s] senior management and other members of the organization on safety culture.

⁴⁵ An “ODA” is an “Organization Designation Authorization,” under which certain certification tasks are delegated by the FAA to an organization such as Boeing. UMs are ODA “Unit Members,” *i.e.*, Boeing employees who report to the FAA as part of the ODA delegation process.

There was also some concern whether Boeing's safety reporting systems function in a way that fosters open communication and prevent[s] retaliation. This included inadequate and confusing implementation of the five components of a positive safety culture that includes 1) reporting culture; 2) just culture; 3) flexible culture; 4) learning culture; and 5) informed culture." The Jefferies report also noted that the FAA found that Boeing's SMS "procedures are not structured to ensure all employees understand their role, with particular employee confusion among different work sites and employee groups."

420. The FAA Expert Panel Report further uncovered the pervasive manufacturing quality issues at Boeing, and Boeing's stock declined on this news from its opening price of \$201.01 per share to a closing price of \$200.54 per share on February 26, 2024.

421. The Report's conclusions, including Boeing's failure properly to institute an SMS, are corroborated by Shawn Pruchnicki, Ph.D. FRAeS (Fellow of the Royal Aeronautical Society). Dr. Pruchnicki is an Assistant Professor in Integrated Systems Engineering and is affiliated with the Center for Aviation Studies at The Ohio State University. Prior to teaching at Ohio State, Dr. Pruchnicki was an airline pilot. Dr. Pruchnicki earned his Ph.D. in Cognitive Systems Engineering. Dr. Pruchnicki is an expert in aviation safety culture and in SMS.

422. Dr. Pruchnicki was also one of the witnesses who testified at the April 2024 Congressional Hearing. He testified that the aerospace industry definition of a "safety culture" means "shar[ing] values, beliefs, assumptions, and norms which may govern organizational decision making, as well as individual and group attitudes about safety."⁴⁶

⁴⁶ *Examining Boeing's Broken Safety Culture: Firsthand Accounts*, Testimony of Shawn Pruchnicki PhD FRAeS Before the Committee on Homeland Security and Governmental Affairs United States Senate (April 17, 2024) (citing Ciavarella, A., Figlock, R., & Sengupta, K. (1996). Organizational factors in aviation accidents. In *Proceedings of the Ninth International Symposium on Aviation Psychology* (pp. 1033-1035)).

423. Dr. Pruchnicki testified that “both safety culture and SMS that were developed in part by the FAA and provide guidance to the aerospace industry make it quite clear that safety accountability goes all the way to the top of any aerospace organization.”

424. Dr. Pruchnicki, upon the request of Lead Counsel, examined the FAA Expert Panel Report that was published on February 26, 2024.

425. Dr. Pruchnicki observed that, upon his review, Boeing did not implement the SMS as required by the FAA and the Aircraft Certification, Safety, and Accountability Act. According to Dr. Pruchnicki’s review of the Report, Boeing failed to properly institute SMS throughout the Company, as was required.

426. According to Dr. Pruchnicki and the FAA Expert Panel Report there are four pillars of SMS: (1) Safety Policy and Objectives, (2) Safety Risk Management, (3) Safety Assurance, and (4) Safety Promotion.⁴⁷ Dr. Pruchnicki observed from the FAA Expert Panel Report that Boeing attempted to only implement two of the four pillars of SMS (*i.e.*, Safety Policy and Objectives and Safety Risk Management), and failed to implement the other two pillars of SMS. According to Dr. Pruchnicki, Boeing was “nowhere to being even close to where they should be and essentially the other two [pillars] were absent.”

13. The FAA Requires Boeing to Submit a Comprehensive Action Plan, and a DOJ Investigation Is Reported

427. On February 28, 2024, news outlets reported that the FAA was requiring Boeing to submit a comprehensive action plan to address its “systemic quality-control issues” within 90 days. As the *Wall Street Journal* explained, “The deadline to come up with a quality-control plan comes

⁴⁷ FAA Expert Panel Report at 34.

just days after an independent panel established by the FAA said that Boeing's efforts to improve its safety culture after two 737 MAX crashes – in 2018 and 2019 – are falling short.”

428. Then, late in the day on February 28, 2024, Bloomberg reported that the DOJ was investigating the Alaska Airlines Incident to examine whether Boeing had violated its DPA with the DOJ. A Bank of America analyst explained in a February 29, 2024 report, “[p]er Bloomberg, should [Boeing] be found to have breached the agreement, the DoJ could bring criminal charges against the company.” Bank of America noted further that “at a minimum, the DoJ investigation could slow down the 1) ongoing NTSB investigation and 2) FAA intervention on 737 MAX, likely impacting the cadence of the production ramp,” and that “investors are increasingly focused on the culture embedded at Boeing. It took years for the current culture to develop, and it will likely take time to change it.”

429. Boeing's stock price declined from a closing price of \$207.00 per share on February 28, 2024 to a closing price of \$203.72 per share the next day, when the market learned of the FAA's deadline for Boeing to create a quality control plan, and the DOJ's criminal investigation.

14. The FAA's Audit of Boeing Finds Multiple Failures to Comply with Manufacturing Quality Control Requirements

430. On March 4, 2024, the FAA announced that its six-week audit of Boeing and Spirit AeroSystems prompted by the Alaska Airlines Incident found multiple instances where Boeing had failed to comply with manufacturing quality control requirements. The FAA's announcement further laid bare the scope and extent of manufacturing quality problems at Boeing. Further information about the results of the FAA's audit were later revealed on March 11, 2024, as described below.

431. Boeing's stock price declined in response to the FAA's announcement of Boeing's quality failures, reaching a low of \$196.92 per share on March 4, 2024 after opening at \$199.50.

15. The DOJ Announces a Criminal Investigation

432. Over the following weekend, media sources confirmed that the DOJ had opened a criminal investigation into the Alaska Airlines Incident. *Forbes* reported on March 10, 2024 that “[t]he DOJ will investigate whether Boeing has complied with the terms of a 2021 settlement following two deadly crashes attributed to faults in Boeing’s 737 MAX Maneuvering Characteristics Augmentation System.” The focus of the DOJ criminal investigation concerns whether Boeing violated the provisions of the DPA, discussed above.

433. Analysts noted that the DOJ’s investigation further contributed to a tide of revelations exposing the scope and extent of Boeing’s manufacturing quality deficiencies following the Alaska Airlines Incident. For example, a Jefferies analyst explained in its March 11, 2024 report that “[t]he DoJ investigation follows the FAA’s six-week audit, which found multiple instances of non-compliance within [Boeing’s] manufacturing process controls, parts handling/storage, and product control.”

434. Boeing’s stock price fell from its \$198.49 per share closing price on Friday, March 8, 2024 to an opening price of \$194.21 per share on Monday, March 11, 2024, closing at \$192.49 per share that day, as the market learned that a DOJ investigation was confirmed.

16. The FAA Finds That Boeing Failed 33 of 89 Audits

435. After trading hours on March 11, 2024, the *New York Times* published an article describing a “highly technical” slide presentation it had reviewed which “offer[ed] a more detailed picture of what the [FAA’s] audit [of Boeing] turned up.” According to the presentation, Boeing had failed 33 of 89 product audits, with 97 instances of non-conformance recorded, and Boeing supplier Spirit AeroSystems failed 7 of 13 audits.

436. Analysts unpacked the importance of the *New York Times* report, which disclosed new information concerning the scope of quality and safety issues uncovered by the FAA’s audit of Boeing and its most important supplier.

437. For example, RBC explained in its March 12, 2024 report:

Recent news has done little to quell quality concerns at Boeing, in our view. We believe investors are increasingly skeptical of Boeing’s ability to manage the quality issues within the company’s production facilities. According to a NYT report released today, FAA auditors found that out of 89 product audits conducted in 2024, Boeing passed 56 and failed 33 of them. The report was based on a review of an internal FAA presentation offering a glimpse into the many issues found by auditors. . . . Many of the issues were categorized as a failure to follow “approved manufacturing processes” and failure to keep proper quality control documentation. In addition, the FAA conducted 13 product audits focused on Spirit AeroSystems (SPR) and the company failed 7 of the audits as well. Despite Boeing’s plan to implement immediate changes and develop a comprehensive action plan, we believe investors view 2024 deliveries as having increased risk.

438. Jefferies published a report on March 12, 2024 titled, “Preliminary Audit Results Show More Trouble in Renton + MAX Skyline Cuts.” Jefferies explained:

[Boeing] reportedly failed 33 of 89 audits, with 97 cases of noncompliance recorded. The audit focuses on Spirit AeroSystems revealing that SPR [i.e., Spirit] failed 7 of 13, with FAA observers seeing SPR mechanics allegedly do things such as using a hotel key card to check a door seal and using liquid soap as a lubricant before cleaning the door seal with a wet cheesecloth. An audit on SPR focusing specifically on the door plug found five problems, and it failed the one tied to the installation of the component. The determination was that the company “failed to determine the knowledge necessary for the operation of its processes.”

439. In response to the New York Times’s revelation of the extent of Boeing’s manufacturing audit failures, Boeing’s stock fell from its closing price of \$192.49 per share on March 11, 2024 to an opening price of \$188.24 per share on March 12, 2024, and closed even lower at \$184.24 per share that day.

17. The NTSB Continues Its Investigation and Announces It Will Hold a Hearing on August 6-7, 2024 Related to the Alaska Airlines Incident

440. On February 6, 2024, the NTSB released its preliminary report on the Alaska Airlines Incident. The report explained that the fuselage arrived at Boeing's factory in Renton, Washington with five damaged rivets on the edge frame forward of the plug door, and that Boeing workers filed a Non-Conformance Record requiring re-work to fix the damaged rivets. Accessing and replacing the damaged rivets required opening the plug door. Spirit AeroSystems personnel at Boeing's Renton facility replaced the damaged rivets. The plug door was replaced, and photo documentation from Boeing showed that the plug door was closed without retention bolts in three visible locations. The NTSB made clear that its investigation was still ongoing.

441. On March 12, 2024, the NTSB set a hearing for August 6 and 7, 2024 regarding its investigation into the Alaska Airlines Incident.

442. The announcement came less than a week after the NTSB had accused Boeing of withholding key details about the Alaska Airlines Incident at a hearing with the Senate Commerce Committee on March 6, 2024. NTSB Board chair Jennifer Homendy told the Senate Commerce Committee that "Boeing has not provided us with documents and information we have requested numerous times" and claims they "can't find it."

443. Ziad Ojakli, the Executive Vice President of government operations at Boeing, claimed in a letter to Washington Senator Maria Cantwell on March 8, 2024, that the Company's employees looked extensively and failed to turn up any paperwork regarding the opening and closing of the door plug, and explained that Boeing's working hypothesis was that "the documents required by our processes were not created when the door plug opened."

444. In a *New York Times* article titled, "'Shortcuts Everywhere': How Boeing Favored Speed Over Quality," reporters noted the NTSB's findings that the faulty door plug was reinstalled

at Boeing's own Renton facility, and explained, “[c]urrent and former Boeing employees said the incident reflected longstanding problems. Several said employees often faced intense pressure to meet production deadlines, sometimes leading to questionable practices that they feared could compromise quality and safety.” The article further explained:

The experience level of Boeing's work force has dropped since the start of the pandemic. The inspection process intended to provide a vital check on work done by its mechanics has been weakened over the years. And some suppliers have struggled to adhere to quality standards while producing parts at the pace Boeing wanted them.

18. Admissions in Boeing's Conference Calls

445. As news was revealed concerning the scope of Boeing's safety and quality deficiencies, Boeing executives made statements acknowledging the pervasiveness of those problems.

446. On March 20, 2024, Defendant West presented at the Bank of America Global Industrials Conference, where the first set of questions he faced concerned Boeing's safety and quality issues that had been front and center in headlines about the Company. Bank of America's Ronald Epstein began by asking West, “what is Boeing doing that encourage[s] the changes required for the company to reemphasize a focus on quality, safety and compliance?”

447. In response, Defendant West acknowledged: “[t]here is changes that need to happen. There's no doubt about it. But we're going to do so diligently and expeditiously. But we won't rush or go too fast.” West then made the stunning admission that “[f]or years,” *Boeing had “prioritized the movement of the airplane through the factory over getting it done right, and that's got to change.”* He added: “In fact, starting on March 1 of this year, we no longer travel work[.]”

448. Then, on April 24, 2024, during the question-and-answer segment of Boeing's Q1 2024 earnings call, Defendant Calhoun admitted that *traveled work was “embedded and*

normalized” at Boeing—contrary to Defendants’ representations to the market starting four years before to “*eliminate traveled work*.” Specifically, Calhoun admitted that “all of the 737 disruption that it goes on today, in my view, is self-inflicted in the sense that we’ve made the decision that the amount of traveled work, particularly as it relates to the fuselage that *was embedded and normalized in our factory*, that we would make a dramatic reduction in it.”

19. Boeing Undergoes Leadership Changes

449. A few days later, on March 25, 2024, Boeing announced a series of upcoming changes to the Company’s management team, including the departure of Defendant CEO Calhoun, Boeing Commercial Airplanes President and CEO Stanley Deal, and the Chairman of the Board, Lawrence Kellner.

450. Analysts connected the changes in leadership to Boeing’s quality and safety problems. TD Cowen explained on March 25, 2024 that the leadership turnover was “geared to institutionalize a priority on safety throughout the company by bringing in new blood.”

20. Congressional Hearings and Related News Reports

451. Despite Boeing’s attempts to turn the page, the Company continued to make headline news as Boeing continued to face scrutiny from regulators and in the media.

452. On April 9, 2024, the *New York Times* published an article titled, “F.A.A. Investigates Claims by Boeing Whistle-Blower About Flaws in 787 Dreamliner” which reported on Sam Salehpour’s whistleblower allegations, which are discussed in more detail *supra* at Section V.G.1. The report explained that “Mr. Salehpour’s allegations add another element to the intense scrutiny that Boeing has been facing since a door panel blew off a 737 Max jet during an Alaska Airlines flight in early January, raising questions about the company’s manufacturing practices.”

453. Boeing's stock price declined in response to Mr. Salehpour's allegations from its opening price of \$181.51 on April 9, 2024, to a closing price of \$178.12 that day.

454. On April 17, 2024 there were two Congressional hearings involving Boeing: (1) the United States Senate Committee on Homeland Security and Governmental Affairs Hearing titled, "Examining Boeing's Broken Safety Culture: Firsthand Accounts" (*i.e.*, the April 2024 Congressional Hearing) and (2) the U.S. Senate Committee on Commerce, Science, and Transportation Hearing titled "FAA Organization Designation Authorization (ODA) Expert Panel Report."

455. Mr. Salehpour—alongside other public whistleblowers referred to herein, including Mr. Pierson, Mr. Jacobsen, and Dr. Pruchnicki—testified in the April 2024 Congressional Hearing concerning Boeing's safety deficiencies, its failure to heed employee warnings, and its refusal to turn over documentation to investigators, as discussed in more detail *supra* at Section IV.G and Section IV.H.12.

456. The same day, Dr. Javier de Luis, testified in front of the U.S. Senate Committee on Commerce, Science, and Transportation concerning the findings of the Expert Panel and the FAA Expert Panel Report. Dr. de Luis submitted written testimony, alongside his testimony at the hearing. Dr. de Luis earned his doctorate in aeronautics and astronautics from MIT. Dr. de Luis currently holds a Lecturer position at MIT, and was one of the independent experts on the FAA Expert Panel.

457. In his written testimony, Dr. de Luis stated that "[o]ur panel met for almost a year, reviewed 4000 pages of documents provided to us by Boeing, interviewed 250 Boeing employees at all levels of the organization, across six [of] Boeing's locations, and reviewed thousands of

survey responses.” Dr. de Luis highlighted that the FAA Expert Panel Report “*is a consensus report, with no dissenting opinion.*”

458. Dr. de Luis testified that based upon the work and review of the Expert Panel, Boeing management was not implementing safe practices or a safe culture across the Company, contrary to Defendants’ representations. Dr. de Luis specifically referenced Defendant West’s admission concerning traveled work set out herein *supra* at Section IV.G.3:

My fellow witnesses and I felt that it would be useful to expand on a few of the recommendations in our [R]eport, as they may serve to set the stage for today’s hearing. *First among these is our finding that there exists a “disconnect” between the words that are being said by Boeing management, and what is being seen and experienced by the technicians and engineers.*

They hear “safety is our number one priority”, but they see that that is only true as long as you meet your production milestones. They hear “speak up if you see anything unsafe”, but they see that when they do, there’s little feedback, and if they insist, they may find themselves on the short end of the stick next time raises are distributed, or worse.

We identified this disconnect based on our interviews and survey responses. It was present at almost all levels and almost all worksites that we visited. We heard it from technicians and engineers, as well as from members of the ODA that are delegated by the FAA to conduct mandated inspection and tests on behalf of the government.

To me and I think to our Panel, it is clear that the commitment to change, the level of change, and the pace of change at Boeing is not commensurate with the events that created the need for all this in the first place: the two fatal crashes [of] brand new airplanes, killing all aboard. I believe it is safe to say, given our findings, that the events of Jan 5 and the subsequent NTSB investigation identifying the missing bolts in the Alaska Air door did not really come as a surprise. *What was distressing, though, was the recent statement by Mr. Brian West, Boeing’s finance chief at an investor conference where he said:*

“For years, we prioritized the movement of the airplane through the factory over getting it done right. That’s got to change. The leadership team got it in the immediate aftermath of January 5.”

I would have thought that they would have “gotten it” five years ago.

459. In his testimony at the hearing, Dr. de Luis further confirmed that there was a retaliatory culture at Boeing, stating that based upon the review of the Expert Panel, “there was a very real fear of retribution and payback if you held your ground” when employees reported issues that was “just not compatible with any sort of safety culture or SMS system.”

21. SEC Begins an Investigation into Boeing’s Statements to the Investing Public

460. After the markets closed on May 9, 2024, it was reported that the SEC is investigating statements made by Boeing about its safety practices in light of the Alaska Airlines Incident. According to reports, the SEC is investigating whether Boeing and its executives misled investors in violation of the securities laws. This news further disclosed to the market the truth that Defendants’ statements during the Class Period reassuring investors about Boeing’s safety practices were false and misleading.

461. As a result, Boeing’s stock declined, from its closing price of \$181.25 on May 9, 2024 to a closing price of \$178.51 on May 10, 2024.

22. The DOJ Finds That Boeing Violated the DPA

462. On May 14, 2024, after trading hours, it was reported that the DOJ has found that Boeing violated the provisions of the DPA, confirming that Boeing never complied with the mandates of the DPA.

463. In a letter filed with United States District Court of Northern District of Texas, the DOJ stated that “*the Government has determined that Boeing breached its obligations under [the] DPA,*” and that “[f]or failing to fulfill completely the terms of and obligations of the DPA,

Boeing is [now] subject to prosecution by the United States for any federal criminal violation of which the United States has knowledge[.]”⁴⁸

464. Specifically, the DOJ asserted in its letter that Boeing violated “Paragraphs 21, 22, and 26(d) of the DPA,” as well as “DPA Attachment C, including Paragraphs 1, 3, 4, and 5 of that Attachment, by failing to design, implement, and enforce a compliance and ethics program to prevent and detect violations of the U.S. fraud laws throughout its operations.”

465. Paragraph 21 of the DPA states: “The Company represents that it has implemented and will continue to implement a compliance and ethics program designed, implemented, and enforced to prevent and detect violations of the U.S. fraud laws throughout its operations, including those of its subsidiaries, affiliates, agents, and joint ventures, and those of its contractors and subcontractors whose responsibilities relate to the Company’s interactions with any domestic or foreign government agency (including the FAA), regulator, or any of its airline customers, including, but not limited to, the minimum elements set forth in Attachment C.”

466. Paragraph 22 of the DPA states: “In order to address any deficiencies in its internal controls, policies, and procedures, the Company represents that it has undertaken, and will continue to undertake in the future, in a manner consistent with all of its obligations under this Agreement, a review of its existing internal controls, policies, and procedures regarding compliance with U.S. fraud laws, focusing on the Company’s interactions with domestic or foreign government agencies (including the FAA), regulators, and any of its airline customers. Where necessary and appropriate, the Company agrees to adopt a new compliance program, or to modify its existing one, including internal controls, compliance policies, and procedures in order to ensure

⁴⁸ *United States v. Boeing Co.*, No. 4:21-cr-00005, Dkt. No. 199 (N.D. Tex. May 14, 2014) (Hon. Reed O’Connor).

that it maintains an effective compliance program, including a system of internal controls, designed to effectively detect and deter violations of U.S. fraud laws. The compliance program, including the internal controls system, will include, but not be limited to, the minimum elements set forth in Attachment C.”

467. Paragraph 26(d) of the DPA states: “[i]f, during the Term . . . the Company fails to implement a compliance program as set forth in Paragraphs 21-22 of this Agreement and Attachment C . . . the Company and its subsidiaries and affiliates shall thereafter be subject to prosecution for any federal criminal violation of which the Fraud Section has knowledge, including, but not limited to, the charges in the Information described in Paragraph 1, which may be pursued by the Fraud Section in the United States District Court for the Northern District of Texas or any other appropriate venue.”

468. Paragraphs 1, 3, 4, and 5 of Attachment C are as follows:

- Paragraph 1: “The Company will ensure that its directors and senior management provide strong, explicit, and visible support and commitment to its corporate policy against violations of U.S. fraud laws and its compliance codes, and demonstrate rigorous adherence by example. The Company will also ensure that middle management, in turn, reinforces those standards and encourages employees to abide by them. The Company will create and foster a culture of ethics and compliance with the law in its day-to-day operations.”
- Paragraph 3: “The Company will develop and promulgate compliance policies and procedures designed to reduce the prospect of violations of U.S. fraud laws and the Company’s compliance code, and the Company will take appropriate measures to encourage and support the observance of ethics and compliance policies and procedures against violation of U.S. fraud laws by personnel at all levels of the Company. These policies and procedures shall apply to all directors, officers, and employees and, where necessary and appropriate, outside parties acting on behalf of the Company, including, but not limited to, agents, consultants, and joint venture partners (collectively, “agents and business partners”). The Company shall notify all employees that compliance with the

policies and procedures is the duty of individuals at all levels of the Company.”

- Paragraph 4: “The Company will develop these compliance policies and procedures on the basis of a periodic risk assessment addressing the individual circumstances of the Company.”
- Paragraph 5: “The Company shall review its compliance policies and procedures regarding U.S. fraud laws no less than annually and update them as appropriate to ensure their continued effectiveness, taking into account relevant developments in the field and evolving industry standards.”

469. According to the letter, the DOJ will inform the Northern District of Texas “once it has decided on how to proceed, but no later than July 7, 2024.”⁴⁹

470. This news further revealed to the market the extent of Boeing’s failure to implement and enforce a compliance and ethics program to prevent and detect fraud and violations of its compliance codes, and that Boeing may face criminal charges as a result.

471. Boeing’s stock declined on the news, from a closing price of \$180.76 on May 14, 2024 to a closing price of \$176.99 on May 15, 2024.

472. Accordingly, for months following the Alaska Airlines Incident, news continued to emerge exposing systemic and pervasive manufacturing safety and quality deficiencies at Boeing that Defendants had concealed and materially misrepresented. As a result of Defendants’ wrongful acts and omissions, and the resulting decline in the market value of Boeing’s stock, Plaintiff and the rest of the Class (as defined below) have suffered significant losses and damages.

⁴⁹ At Lead Counsel’s request, Dr. Pruchnicki also analyzed the finding that the DPA was violated, and upon his review, found that conclusion consistent with the fact that (1) Boeing did not comply with the FAA and Congressional mandates that required implementation of an effective SMS across the entire Company, and (2) Boeing did not implement a proper safety culture across the Company.

V. ALLEGATIONS OF SCIENTER

473. Lead Plaintiffs incorporate by reference all the allegations above.

474. All the facts detailed in this Amended Complaint, when viewed holistically, establish a strong inference that each of the Defendants knew, or were severely reckless in not knowing, that each of the misrepresentations and omissions alleged herein would be, and were, misleading to investors at the time they were made.

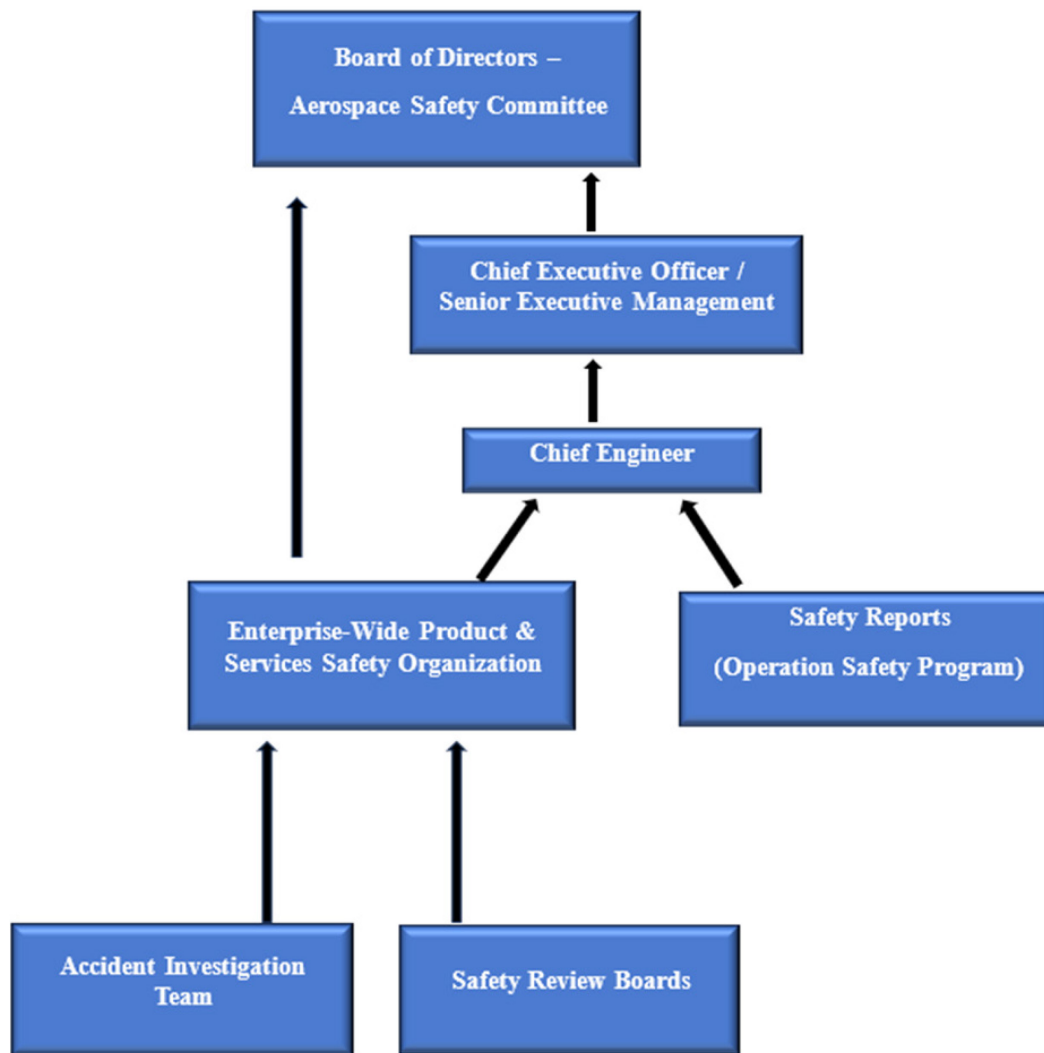
475. Defendants were active and culpable participants in the fraud, as evidenced by their knowing and reckless issuance and/or ultimate authority over Boeing's and their materially false or misleading statements and omissions. The Defendants acted with scienter in that they knew or recklessly disregarded that the public statements, more specifically set forth in Section VI, were materially false or misleading when made, and knowingly or recklessly participated or acquiesced in the issuance or dissemination of such statements as primary violators of the federal securities law.

A. Defendants Were Required to Be Aware of Boeing's Safety and Quality Control Issues Under the Independent Recommendations, DPA, and SMS

476. The recommendations and mandated reforms laid out in *supra* at Section IV.E, which Boeing expressly adopted and was required to carry out, required Boeing senior leadership and Defendants to be apprised of all safety and quality control issues at Boeing following the 737 MAX Crashes.

477. Specifically, the reorganization of Boeing following the 737 MAX Crashes expressly called for the following flow of information and reporting, which specifically made executive management—including the Individual Defendants—responsible for oversight:

[diagram on next page]



478. The “Enterprise-Wide” Product and Services Safety Organization was established by senior executive management on the first day of the Class Period in September 30, 2019 for the purpose of allegedly strengthening and centralizing the safety-related functions “that were previously located across the Company.” According to Boeing, the organization’s responsibilities would include “reviewing all aspect of product safety, including investigating cases of undue pressure and anonymous product and service safety concerns raised by employees.” The organization also would maintain oversight of the Company’s Accident Investigation Team and the Company’s safety review boards.”

479. The “Enterprise-Wide” Product and Services Safety Organization was required to report “directly” to “*senior [C]ompany leadership*” at Boeing and the Aerospace Committee of the Board of Directors, which included reporting to the Chief Engineer, who reported directly to the Chief Executive Officer.

480. Further, Defendants Muilenburg and Calhoun, in their role as Chief Executive Officer, would receive “safety reports” in the course of their business and oversight of the Operation Safety Program and the Enterprise-Wide Product & Services Safety Organization.

481. Specifically, all “safety reports, and potential safety reports” were sent directly to the Chief Engineer pursuant to the Operation Safety Program. The Chief Engineer reported directly to the Chief Executive Officer, and thus, those reports were reviewed by the Chief Executive Officer, as admitted by (1) Defendant Muilenburg in the October 23, 2019 Q3 2019 earnings call (asserting there was a “direct reporting line to Boeing’s Chief Engineer who reports to me”); (2) Boeing’s September 25, 2019 press release (stating that the purpose of the Operation Safety Program was to “increase transparency and ensure safety reports from all levels of the [C]ompany are *reviewed by senior management*”); and (3) Chief Engineer Gregory Hyslop in Boeing’s November 2, 2022 Investor Day conference, where he stated that “these reviews have enabled us to identify risks more quickly *and get them elevated to Dave [Calhoun]*⁵⁰ and to our Board of Directors.”

482. Additionally, senior management at Boeing—including the Individual Defendants—were required to report to the Aerospace Safety Committee of the Board of Directors “regarding the performance of Boeing’s Safety Management System and other significant safety initiatives[,]” according to Boeing’s SEC filings.

⁵⁰ At this time, Defendant Calhoun was CEO of the Company.

483. Thus, given this flow of information, in which Boeing senior management—including the Individual Defendants—were required to *receive* reporting on safety and quality management issues at Boeing, and to *give* reporting on safety and quality management issues to the Aerospace Safety Committee, Defendants were apprised and aware of the safety and quality control issues that pervaded Boeing during the Class Period.

484. Additionally, the DPA made Defendant Calhoun responsible for implementation of the Corporate Compliance Program, which he personally signed and attested to on January 6, 2021. Indeed, the DPA mandated that the Individual Defendants themselves would lead by example in carrying out the necessary reforms, as a specific and particularized requirement imposed by the DOJ was for Boeing’s “directors and senior management [to] provide strong, explicit, and visible support and commitment to its corporate policy against violations of U.S. fraud laws and its compliance codes, and *demonstrate rigorous adherence by example.*”

485. Furthermore, following the implementation of Boeing’s Safety Management System, the Company assigned the role of “Accountable Executive” to the Chief Executive Officer—at the time Defendant Calhoun. Indeed, as stated by Boeing, the “SMS identifies Boeing’s Chief Executive Officer as the Accountable Executive *who retains the ultimate responsibility, authority and accountability for the safety performance of the [C]ompany.*”

486. This reorganization of Boeing for the express purpose of ensuring that executive management was aware of quality control and safety, demonstrates Defendants’ knowledge and scienter. Indeed, it would be severely reckless for Defendants not to make themselves aware of the pervasive and widespread quality control and safety issues at Boeing during the Class Period, despite their express commitment to do so, in light of the above allegations.

B. Safety and Quality Issues Were Critical to the Company Following the 737 MAX Crashes That Killed Hundreds of People

487. Following the devastating 737 MAX Crashes that preceded the Class Period, safety and quality management at Boeing was absolutely critical to the Company.

488. On October 22, 2019, *CNBC* reported that “[t]he [C]rashes plunged Boeing into one of the [C]ompany’s biggest crises in its more than 100-year history, drawing scrutiny of Boeing’s moneymaker aircraft. . . . The fallout has rippled throughout Boeing’s supply chain to companies like General Electric, airline customers like Southwest and American, and even the broader economy. . . . *The [C]rashes have already cost Boeing more than \$8 billion*, according to Bank of America Merrill Lynch, and those losses could rise if the grounding wears on.”

489. Similarly, on November 1, 2019, *Seeking Alpha* summed up Boeing’s safety issues, finding that “in the course of a year the company has had to deal with, inter alia: [1] two crashes of civilian aircraft with major loss of life; [2] a damaging investigation into the causes behind those accidents; [3] questions about the integrity of corporate DNA running right to the top of the organization; [4] scores of 737-MAX aircraft grounded, running up potential compensation claims from the airlines; [5] a congressional grilling of the CEO; [6] separation of the CEO and chairman positions; and [7] reported structural problems with older 737NG aircraft.”

490. Indeed, the extraordinary magnitude of the 737 MAX Crashes at Boeing—which killed more than 340 people—cannot be overstated. The Crashes led to an Act of Congress being passed, which specifically called out Boeing’s safety practices. The Aircraft Certification, Safety, and Accountability Act, passed by Congress on December 27, 2020, *specifically ordered an independent review of Boeing’s “safety culture” and required Boeing to implement a safety management system*, among other things.

491. Further, Boeing itself understood that safety and quality management was the most important priority to the Company in light of the Crashes, as Defendants repeatedly admitted.

492. Indeed, in Boeing's April 29, 2019 Address to Shareholders, Defendant Muilenburg stated: "When an accident occurs, we feel it deeply across our [C]ompany because all of us understand that lives depend on what we do. . . . *These enduring values are at the core of everything we do. . . . We own it. When it comes to safety, there are no competing priorities.*"

493. And, on November 6, 2019, Defendant Muilenburg further stated:

We've been focused on working to make the safest airplane ever to fly. . . . *We talk a lot at Boeing about the fact that lives depend on what we do, literally.* And that should demand this incredible sense of excellence and how we do it. . . . It's not about the money. It's about the importance of what we do and our commitment to safety as a company. This all needs to tie back to a culture of safety. That's what makes our Company work.

494. Similarly, following the change in leadership from Defendant Smith to Defendant West as CFO (in July 2021), West made similar statements. During his opening remarks in Boeing's October 27, 2021 3Q 2021 earnings call, West stated as follows:

In the short time I've been here, the priorities couldn't be more clear: Deliver for our customers, drive the highest levels of safety, quality and stability in all that we do, innovate for the future and generate positive sustainable free cash flow.

495. Additionally, the financial repercussions of the Crashes, which resulted from the severe lapse of safety issues, negatively affected Boeing's bottom line, as shown from the corresponding loss of *billions of dollars*.

496. In light of the (1) immense regulatory and legislative scrutiny regarding Boeing's safety and quality control practices; (2) financial ramifications and loss of *billions of dollars* as a result of the Crashes that had already occurred; (3) potential for further loss of revenue and profit due to ongoing safety and quality control issues; and (4) Defendants' own stated understanding

that there was no higher priority at Boeing than safety—it would be absurd to believe that the Defendants would not make themselves aware of Boeing’s pervasive and widespread quality control and safety issues at the Company throughout the Class Period.

C. Defendants Emphasized During the Class Period That They Were Closely Monitoring Safety and Quality Issues at Boeing

497. Additionally, Defendants—including Individual Defendants Muilenburg, Calhoun, Smith, and West—repeatedly told the market that following the Crashes, they were paying particularly close attention to product safety and the quality of the manufacturing process at Boeing. These admissions continued throughout the Class Period.

498. These statements, as set out *infra* at Section VI, were materially false and misleading, because Boeing was, in fact, engaging in highly unsafe manufacturing practices and retaliating against employees who spoke up, among other reasons detailed *infra* at Section IV.G. While Defendants were misleading investors into believing they had fixed the broken safety culture that resulted in the 2018 and 2019 Crashes, their numerous statements about Boeing’s focus as well as their own personal focus on manufacturing safety and quality also constitute admissions that this was an area they were closely monitoring. All the statements in *infra* Section VI are incorporated by reference herein. For convenience, illustrative examples of such statements, grouped by Individual Defendant, are set out below.

1. Defendant Muilenburg’s Admissions

499. To start, on September 30, 2019—the first day of the Class Period—Defendant Muilenburg, the Company’s President and CEO at the time, stated, “[s]*safety is at the core of who we are at Boeing*, and the recent 737 MAX accidents will always weigh heavily on us[.] . . . *My team and I embrace our board’s recommendations and are taking immediate steps to implement them across the [C]ompany ... while continuing and expanding our ongoing efforts to*

strengthen safety across Boeing...” Muilenburg continued by stating that “[e]nsuring the safety of the flying public, pilots and crew is our top priority as we work to return the 737 MAX to service...”

500. Then, in Boeing’s October 23, 2019 Q3 2019 earnings call, Defendant Muilenburg stated: “*[N]othing is more important to us than the safety of all those who fly on our airplanes...*” and that “[o]ur priority remains supporting the safe return to service of the [737] MAX...”

501. Defendant Muilenburg continued by explaining that Boeing was “concurrently expanding our efforts to strengthen the way we manage safety across Boeing and our supply chain. For example, by broadening the use of a comprehensive safety management system and safety and review boards. We’re already driving a [C]ompany-wide approach to safety, quality, and integrity that strengthens our vision and serves to reinforce and improve our operational performance.”

502. Defendant Muilenburg further emphasized on the earnings call that “*I can tell you without any question, our preeminent focus every day going forward on safety and quality.*” And with respect to the recertification efforts of the 737 MAX, Muilenburg asserted that “*[Boeing’s] laser focus is on the safe return to service of the MAX. That is the most important thing we can do. And we’re going to invest all of our resource and focus in making that happen.*”

503. Additionally, in the same earnings call, Defendant Muilenburg asserted, “[Boeing will] stay true to [its] enduring values of safety, quality, and integrity, while driving operational excellence across the enterprise...” He emphasized to investors that “everything we do [we] are focused on quality and safety are and always have been our highest priority._ We do not compromise these values for cost or schedule.”

2. Defendant Calhoun's Admissions

504. On November 5, 2019, Defendant Calhoun—then the Chairman of the Board—appeared on *CNBC's Squawk Box* for a wide-ranging interview to discuss the 737 MAX incidents. As part of the interview, Calhoun stated as follows: “*Everything related to safety and its impact on compensation and many other facets of the operations of our [C]ompany will be turned over and looked at hard* and many revisions will be made. So I don’t want to predict the outcome—but you can be sure *we’ll look at it.*”

505. And in the same interview, Defendant Calhoun further admitted that:

Everyday we [the Board] get an update, a complete update on the status of the MAX and what’s happening with the software development, release, approval, certification etc. Um, so this is a very involved Board. Admiral [Edmund] Giambastiani, who has led our safety efforts and drive deep into the company, he has done an amazing job. You’d think he was working full time on this and I think most of our team believe he is and we thank him for that service. *This is a very involved Board.* It’s doing its very best to cope [with] a very difficult situation. We are not trying to rewrite history. We are simply trying to take every next half step forward the right way.

506. Defendant Calhoun also explained during the interview he was specifically appointed Chairman of the Board to provide oversight of Boeing’s safety and quality issues following the Crashes: “My appointment of chairman was very much about a division of duty. And . . . that experience I brought from my aviation days and what I think is the *significant overhauls that have to go on inside our company to increase visibility on the subject of safety, straight up to the Board and right down to the bottom of the organization* and create more independence in the functions that represent safety.”

507. On January 29, 2020, Defendant Calhoun stated in Boeing’s Q4 2019 earnings call that: “*Leaders have a massive role to play in setting culture, setting the stage for how to fix a culture. And I have to demonstrate; one step at a time, every inch of the way. I don’t have to*

convince anybody that safety is in the best interest of every stakeholder and including investors; it is. It's perfectly obvious to everyone, so I have no convincing to do on that front. I will have no competing priorities as we step forward."

508. On March 5, 2020, Defendant Calhoun was interviewed on Fox Business News. When asked about the "crass" internal emails and messages sent by Boeing engineers that ultimately became public and what changes Calhoun would make to Boeing's culture, he responded:

*For us, shining bright lights on the [C]ompany, allowing the public to understand our [C]ompany more clearly, we don't want to hide anything from anybody because we are proud of what we do. The products that we make are incredible. They're good for humanity. We have to reinforce all that. **But we have to listen to everybody, at every stage, and at every level of our [C]ompany. And we have to process what we hear and we have to make clear open discussions along the way. I want us to be seen as a very transparent high-value [C]ompany, clearly focused on safety. This moment in time, in light of what's happened, the priority around safety it could not be clearer. It could not be clearer to the outside constituency, it could not be clearer to our employees, and it could not be clearer to me.***

509. And in Boeing's April 20, 2021 Annual Shareholder Meeting, Defendant Calhoun stated that:

*Our highest priority is ensuring the safety, the security and the protection of everyone we serve. We have our leadership team's promise that nothing is more important today and nothing will be more important tomorrow. Delivering on that promise starts with a steadfast commitment to ensuring all of our teammates operate with complete transparency and the highest integrity. **Culture begins at the top, and our global leadership team is shifting more time, more attention to getting as close as possible to our day-to-day work.** Together, we're fostering a culture of trust, one that encourages and recognizes transparency, accountability and integrity.*

What we get from that is the sharing of best practices or reinforcement of disciplines at every step in the organization, ***a prioritization of any and all data that has any implication with respect to safety***. We've devised and built a safety management system on the back of a former system that was quite robust, but now includes new forms of data; data from ground operations, data from customers, data for regulators, and of course, data broadly across our production system.

We will respond to any of the data that suggest that we can build a safer airplane or operate a more dependable airplane with our customers.

510. Likewise, at the January 26, 2022 earnings call to discuss Boeing's Q4 2021 results,

Defendant Calhoun stated:

Our culture is focused on getting as close to our work as we possibly can from the very top of the company through the engineering ranks, all the way down through all the support functions that ultimately have to help mechanics on the line stay disciplined, create standard work that's predictable, repeatable, et cetera, safety and quality systems that are re-inculcated in every way I can think of into every nook and cranny of the company. And that is literally what we have been working on.

511. On June 3, 2022, Defendant Calhoun participated in the Annual Bernstein Strategic Decisions Conference. In regard to a recent nonconformance disclosed by the Company on the 787, Calhoun stated, "It would never be good enough for a leader to not have visited something and therefore, not known something about an area that matters. Their job is to go find it, seek, right?"

512. Defendant Calhoun also emphasized in Boeing's Investor Day Conference on November 2, 2022, that he was personally involved in managing the safety and quality at Boeing: "most importantly, I'll make a comment with respect to culture, and then I'll talk about it later in a different context, safety. ***Safety dominates Boeing. Anybody, anybody who thinks we don't remember those accidents***, and I'm not talking about me, I'm talking about every employee in The Boeing Company. We don't remember those, we don't remember the discussion that went

around it? *You're crazy. We all remember it.* And pretty much everything we've done since that day, everything that we've done. Larry and I sat at the memorial service. We went through every single name, every soul that was lost in these 2 accidents. Tears everywhere by everybody. *We'll never forget it nor should we ever forget it. And all the work we do around safety, which has been the dominant theme in our company during this whole period of time, all the work we do around safety is built around that premise. It's a testament to the industry because the industry does this. I can promise you, Boeing does it, and it's a big deal.*"

3. Defendant Smith's Admissions

513. On the October 23, 2019 Q3 2019 earnings call, Defendant Smith, the CFO at the time, addressed Boeing's commitment to safety and the safe return to service of the 737 MAX, stating as follows:

It's important to note that everything we do, our focus on quality and safety are and always have been our highest priority. We do not compromise these values for cost or schedule.

Returning the MAX safely to flight continues to be priority one for us. It's a team effort that leverages the best talent from across Boeing and outside experts. We will continue to apply whatever resources are required to return the 737 MAX safely into the fleet and take the time necessary to do so, working hand in hand with our customers.

...

514. Thereafter, on November 6, 2019, Defendant Smith attended the Baird Global Industrial Conference.

515. When asked at that conference whether Boeing sacrifices "quality or safety for cost or schedule things," Defendant Smith stated that *I've never seen a trade take place there between those elements. Safety has always been at the forefront of our business.*" He reiterated, *"And safety, again, is always been a key element . . . There's not trade-offs that take place there. That's the priority, that's always been the priority and that will continue to be."*

516. On February 12, 2020, Defendant Smith participated in the Cowen Annual Defense Industrial Conference, and stated therein:

And look, there's been a lot of hard learnings as a result of the MAX certainly. And we've made a lot of changes, and we'll continue to make changes that are – have been and will continue to be a big commitment. Having a Safety Committee on our Board, having somebody in charge of the safety for The Boeing Company and reporting to us and all the items that are being addressed, having safety representatives in each of the organizations, having the engineering organization realigned, hard-lined into the chief engineer, these are all things that we've taken on and become – **you ask, where do you spend your time? There's a lot of our time being spent on some of these things and fundamentals that ultimately will improve our company.**

517. On December 4, 2020, Defendant Smith presented at the Credit Suisse Global Industrials Conference, and stated, “as we rebuild trust one airplane at a time, ***we will be laser-focused on, again, safety, quality and transparency.***”

518. Furthermore, on the April 28, 2021 earnings call, Defendant Smith remarked:

We're continuing to closely examine all aspects of our operations to simplify and streamline everything we do and take billions of dollars out of our operating costs while driving our key efforts in safety, quality and performance. . . . And as we take action, we're ensuring that every step only further drives key efforts in safety, quality and delivering on our commitments. We have a dedicated team focused on these efforts embedded in every business unit and function to ensure we're continually improving in every aspect of our operations. **This is an enduring effort that our entire leadership team is committed to driving forward in the future.**

4. Defendant West's Admissions

519. Defendant West, Boeing's current CFO, also made several statements concerning Boeing's focus, and his own focus, on safety. First, during his opening remarks on the October 27, 2021 earnings call, Defendant West stated: “***In the short time I've been here, the priorities couldn't be more clear: Deliver for our customers, drive the highest levels of safety, quality and stability in all that we do***”

520. On the April 27, 2022 earnings call, after discussing Boeing's production system and the production rate of the 737 MAX, Defendant West stated, *"while we do all this, we're laser-focused on safety, quality and stability."*

521. Additionally, on October 27, 2023, Bank of America analysts explained that they met with Defendant West, and *"walked away encouraged about how deeply involved [Defendant West] is with the requirements for strong operational performance,"* and noted that he *"seem[ed] significantly more engaged with operational execution across the Boeing enterprise[.]"*

522. Next, on February 13, 2024, Defendant West participated in the TD Cowen Annual Aerospace & Defense Conference where he stated, in response to a question about regulatory oversight following the Alaska Airlines Incident: *"[W]e take full accountability for what's happened here. And we have a comprehensive view of how we go in and help the factory get to a different spot and strengthen quality. . . In the meantime, we'll learn lots of things. And we will make sure that we continue to build every next airplane with higher and higher quality. So we are perfectly fine with where we're at, and we'll be cooperative."*

523. Then, on March 20, 2024, Defendant West stunningly admitted at a Bank of America Conference that Boeing management "control[ed]" whether traveled work was performed in the Company's factories, but had permitted that practice to take place "[f]or years" because Boeing had "prioritized the movement of the airplane through the factory over getting it done right":

For years, we prioritized the movement of the airplane through the factory over getting it done right and that's got to change. The leadership team got it in the immediate aftermath of January the 5th [Alaska Airlines Incident]. We control how this happens, and it's about our resolve to get ahead and get after traveled work.

5. Other Boeing Admissions

524. Boeing's proxy statements also asserted that the Company's Board and senior management were focused on manufacturing safety and quality.

525. For example, in its 2020 Proxy, filed with the SEC on March 13, 2020, Boeing told investors that:

It is the responsibility of the Board and senior management to ensure that we avoid imprudent risks and mitigate the many strategic, technological, operational, and compliance risks we face, all with our core values of safety, quality, and integrity at the forefront. Senior management is responsible for day-to-day management of risk, including the creation of appropriate risk management policies and procedures.

526. Boeing's 2022 Proxy, filed with the SEC on March 11, 2022, similarly addressed the Board's role in enhancing the Company's safety efforts:

We have enhanced our policies and practices in several ways as part of our effort to strengthen safety, quality and engineering excellence. For example, our Board has deepened its safety, engineering and manufacturing experience, as well as enhanced its oversight of our engineering, design, development, manufacture, production, operations, maintenance and delivery of aerospace products and services through its Aerospace Safety Committee. . . .

In addition, we are advancing our enterprise-wide Safety Management System, or SMS, and Quality Management System, or QMS, each designed to fully embed safety and quality in every aspect of how we design, build and support our products.

D. The Widespread Nature of the Conduct Revealed by Public Whistleblowers and Former Employees and Contractors

527. The conduct described by Boeing whistleblowers and former employees indicates that the poor safety and quality management at Boeing was not limited to just one division or aircraft, but was *pervasive* across the Company.

528. Indeed, as just one example, Mr. Salehpour testified to Congress that the issues with quality control of gaps in the airplanes affect more than 1,000 airplanes in the 787 program,

and that the issues with misalignment affect “***hundreds***” of airplanes in the 777 program. Mr. Jacobsen and Mr. Pierson also testified that there are current defects in the 737 aircraft, even after the Crashes of 2018 and 2019. Indeed, Mr. Pierson testified that “***hundreds of aircraft have left Boeing factories without . . . thousands of inspections.***”

529. Following the January 2024 Alaska Airlines Incident, many more whistleblowers and witnesses have come forward from across the country, detailing the same types of quality control issues, including, for example, the unsafe traveled work practice whereby parts were built out-of-sequence with little oversight. Witnesses also confirm that numerous employees working on the manufacturing floor were not appropriately qualified or licensed and that there was severe misconduct on the manufacturing floor with little repercussion—including the use of cocaine while on the job.

530. The severe and pervasive lapses in quality control and safety were present in ***all*** of Boeing’s major manufacturing facilities during the Class Period, including the Renton, Washington facility (*e.g.*, CW-2), the Everett, Washington facility (*e.g.*, Merle Meyers), and the North Charleston, South Carolina facility (*e.g.*, CW-1)

531. Indeed, the *New York Post* reported on May 4, 2024 that Boeing “faces” ***10 more whistleblowers*** – whose allegations are not detailed in this Amended Complaint because their allegations have not been made public.

532. The widespread and pervasive nature of the conduct alleged by both the public whistleblowers and confidential former employees—which ***corroborate each other***—is additional indicia of Defendants’ scienter, in light of the allegations above.

E. Defendants’ Executive Compensation Was Tied to Product Safety

533. On March 5, 2021, Boeing’s Board of Directors approved new performance metrics for executives tied to product safety and quality, following the fatal 737 MAX Crashes.

534. Specifically, in its Proxy Statement regarding the 2021 Annual Meeting of Shareholders, filed with the SEC on March 5, 2021, Boeing stated that: “Our 2021 annual incentive design will incorporate a new operational performance component to drive improvement in three key areas critical to the Company’s success and overall business plan execution: employee safety, product safety, and quality.”

535. Pursuant to this incentive program, “[t]he Compensation Committee has set goals to measure the degree of performance under each operational component, but will consider both quantitative and qualitative results following the end of the performance period before assigning a score for that goal.”

536. According to Boeing’s Proxy Statement regarding the 2022 Annual Meeting of Shareholders, filed with the SEC on March 11, 2022, the “[i]n February 2021 . . . the Compensation Committee changed the Company’s annual incentive plan to include a new operational component. This component was designed to drive improvement in three key areas critical to the Company’s success and overall business plan execution: product safety, employee safety and quality,” which “tie[d] executive compensation to performance in these areas.”

537. Additionally, this operational performance component was incorporated “to further strengthen the connection between executive pay and our strategic operational goals in the areas of product safety, employee safety and quality.”

538. Achieving the “target performance” for each goal—product safety, employee safety, and quality—would result in a 5% increase to the “total Company/business unit financial performance score” used for determining executive compensation, for a total 15% potential increase. Specifically, product safety is “[f]ocused on creation of design practices and model-based engineering solution kits, as critical towards strengthening our enterprise engineering

function and embedding safety and quality practices into our products and services.” Employee safety is “[f]ocused on substantially improving the ratio of near misses/hazards to recordable injuries, as indicative of our ability to find and fix hazardous situations before injuries occur.” Lastly, quality is “[f]ocused on stabilizing our production system, achieving a best-in-class-quality management system and substantially reducing the need for rework.”

539. Due to this compensation structure, Defendants were incentivized to make themselves aware of Boeing’s practices with respect to safety and quality—and to assert that Boeing had met its safety and quality goals, whether or not that was true. Accordingly, Defendants’ executive compensation structure provides further indicia of scienter.

F. Boeing’s Unwillingness to Provide Relevant Documentation to Authorities Is Indicative of Scienter

540. Following the Alaska Airlines Incident, which began to reveal the false and misleading nature of Defendants’ statements during the Class Period, Boeing did not turn over important records to investigators probing this critical emergency event. According to news sources and the NTSB, Boeing has “not fully cooperated” with the NTSB’s investigation into the Alaska Airlines Incident.

541. NTSB chairwoman Jennifer Homendy stated on March 6, 2024, in testimony before the U.S. Senate Commerce Committee, that “Boeing has not provided us with the documents and information that we have requested numerous times over the past few months, specifically with respect to opening, closing and removal of the door and the team that does work at the Renton facility.” According to Homendy, “[i]t’s absurd that two months later, we don’t have that[.]” “[W]ithout that information[,], that raises concerns about quality assurance, quality management, [and] safety management systems” at Boeing, as Homendy stated.

542. Further, according to Homendy, “[t]here are two options. Either they [i.e., the documentation regarding the Alaska Airlines Incident] exist and we don’t have them, or they do not exist, which raises two very different questions—several different questions, depending on which one is the right answer.” According to news reports, Homendy stated that the NTSB was informed that Boeing has a procedure to maintain documentation when work on door plugs is performed (like the door plugs that flew off on the Alaska Airlines Incident).

543. Yet Boeing has claimed that the documents do not exist, and stated that “[i]f the door plug removal was undocumented there would be no documentation to share.”

544. However, according to whistleblower Ed Pierson and his testimony in the April 2024 Congressional Hearing, Boeing’s assertions are flat-out false:

Last Wednesday, the NTSB Chair reiterated to Congress that Boeing has said that there are no records documenting the work associated with the removal of the Alaska Airlines door. In my opinion this is a *criminal cover-up*. *Records do exist documenting in detail the hectic work done on the Alaska Airlines airplane and Boeing’s corporate leaders know it too, because they fought to withhold these same damning records after the two MAX crashes. I know this Alaska airplane documentation exists because I personally passed it to the FBI.*

545. Similarly, the DOJ found when entering into the DPA with Boeing on January 7, 2021 that Boeing did not “timely and voluntarily disclose to the [DOJ] the offense conduct described in the Statement of Facts,” and that Boeing’s “cooperation . . . was delayed and only began after the first six months of the [DOJ’s] investigation, during which time the Company’s response frustrated the Fraud Section’s investigation.”

546. That Boeing has withheld documentation regarding the Alaska Airlines Incident—and that it did not voluntarily disclose relevant information nor cooperate with the DOJ during the first six months of the DOJ’s investigation into Boeing—strongly indicates Defendants’ scienter

and intent to defraud and keep hidden from the public the false and misleading nature of Boeing's statements during the Class Period.

G. The Departures of Defendants Muilenburg, Calhoun, and Smith Are Indicative of Scierter

547. The resignations of Defendants Muilenburg, Calhoun, and Smith support an inference of scierter. Indeed, these resignations are temporally connected to significant events in Defendants' fraud.

548. Specifically, on December 23, 2019, Boeing announced the departure of Defendant Muilenburg, who was then the CEO and a director of the Board. The Company announced that Defendant Calhoun would become CEO and President of the Company effective January 13, 2020, and that Defendant Smith would serve as interim CEO during the brief transition period.

549. According to Boeing, "[t]he Board of Directors decided that a change in leadership was necessary to restore confidence in the Company moving forward as it works to repair relationships with regulators, customers, and all other stakeholders."

550. As CEO, Muilenburg had primary oversight over the Company's performance in safety and quality control, as admitted by both Muilenburg and the Company in light of the implementation of the Independent Recommendations.

551. That the Board of Directors decided to oust Defendant Muilenburg to "restore confidence" in the Company, in the wake of the 737 MAX Crashes, is strongly indicative of scierter.

552. In addition, on April 20, 2021, Defendant Smith announced his retirement, in a move that many considered "surpris[ing]."⁵¹ According to news reports during this time,

⁵¹ Sanjana Shivdas and Eric M. Johnson, *Boeing shares dive 4% after CFO's shock retirement, CEO extended*, Yahoo! Finance (April 20, 2021), <https://finance.yahoo.com/news/boeing-cfo-smith-retire-july-131609719.html> (last visited on May 22, 2024)

“investors were rattled by the surprise retirement of Smith, 54.”⁵² During his time as CFO, Defendant Smith led Boeing’s Enterprise Operations, Finance and Strategy organization. In this role, Defendant Smith managed the company’s overall financial activities, and oversaw the company’s manufacturing, operations, supply chain, quality and program management functions.

553. In light of these responsibilities, the sudden and unexpected retirement of Defendant Smith—in the midst of many safety and quality control issues, and in the aftermath of the 737 MAX Crashes—gives rise to an inference of scienter during the Class Period.

554. Finally, on March 25, 2024, Boeing announced through a press release that Defendant Calhoun would “step down as CEO at the end of 2024, and he will continue to lead Boeing through the year to complete the critical work underway to stabilize and position the company for the future.”

555. The market understood that Defendant Calhoun’s resignation was in direct response to the safety issues plaguing the Company, revealed by the Alaska Airlines Incident. For example, *CNN* published an article on March 25, 2024, titled, “*Boeing CEO Dave Calhoun to step down in wake of ongoing safety problems.*” The article noted how Calhoun intended to “leave the beleaguered company by the end of the year in a major shakeup of the company’s leadership. [] Boeing has been buffeted by more than five years of problems with its airplanes, including two fatal crashes of the 737 MAX in 2018 and 2019 that killed 346 people, and most recently a door plug that blew out of the side of an Alaska Airlines 737 MAX in January, leaving a gaping hole in the side of the plane. The problems have led to multiple groundings for safety issues and more than \$31 billion in cumulative losses.” *BBC* similarly reported that “Boeing boss Dave Calhoun will leave at the end of this year amid a deepening crisis over the firm’s safety record.”

⁵² *Id.*

556. The resignations of three key executives responsible for setting and achieving safety and quality control, who repeatedly assured investors throughout the Class Period about Boeing’s ability to achieve such safety and quality control management, thus supports a strong inference of scienter.

H. The Investigations and Findings of the DOJ, FAA, and the SEC All Support a Finding of Scienter

557. In the aftermath of the Alaska Airlines Incident, the multiple investigations currently ongoing by government agencies and regulators support a strong inference of Defendants’ scienter.

558. Specifically, the Department of Justice announced that the Company has violated the provisions of the DPA as a result of the Alaska Airlines Incident and the revelations in its aftermath. On May 14, 2024, the DOJ stated in a letter filed with the Northern District Court of Texas that Boeing has failed to implement the mandated corporate compliance program over the course of three years following the Crashes, and thus, “the Government has determined that Boeing breached its obligations under [the DPA].” According to the DOJ, “[f]or failing to fulfill completely the terms and obligations under the DPA, Boeing is [now] subject to prosecution by the United States for any federal criminal violation of which the United States has knowledge[.]”

559. That Boeing did not abide by a DPA that it entered with the DOJ after the Crashes, over the course of three years, when the DOJ specifically mandated that executive management—including the Individual Defendants—were responsible for implementation of the provisions of the DPA, is a strong indication of scienter.

560. Additionally, on February 26, 2024, the FAA published its Expert Panel Review Report, which consisted of an independent expert led review of Boeing’s safety systems and safety culture, and considered Boeing’s “safety management policies, processes, and activities from 2009

through February 2024.” The Expert Panel reviewed whether Boeing had complied with the mandate of implementation of a Safety Management System, as required by both the Aircraft Certification, Safety, and Accountability Act (signed into law on December 27, 2020), and specific FAA requirements, following the Crashes. The FAA found in its Expert Panel Report that Boeing *did not* have a proper SMS, and that there were severe and pervasive deficiencies across the Company in terms of its safety and quality control systems and the proper implementation of SMS.

561. That Boeing did not follow the requirements and mandates laid out specifically by Congress and the FAA after the Crashes are additional strong indicia of scienter.

562. Separately, following the Alaska Airlines Incident the FAA conducted a six-week audit and “found multiple instances where [Boeing] allegedly failed to comply with manufacturing quality control requirements.” Specifically, the FAA “identified non-compliance issues in Boeing’s manufacturing process control, parts handling and storage, and product control.”

563. The FAA also maintains an ongoing investigation into Boeing. According to an FAA press release on March 4, 2024, “[a]t a meeting at FAA Headquarters in Washington, DC,” sometime in or around late February 2024, the FAA “informed Boeing’s CEO and other senior leaders that the company must address the audit’s findings as part of its comprehensive corrective action plan to fix systemic quality control issues. The plan must also address the findings from the expert review panel report that examined Boeing’s safety culture. The FAA has given Boeing 90 days to outline its action plan.”

564. As of March 4, 2024, the FAA indicated that it “will thoroughly review all of Boeing’s corrective actions to determine if they fully address the FAA’s findings.”

565. The SEC is also “scrutinizing statements that Boeing Co. made about its safety practices following [the Alaska Airlines Incident],” as reported by *Bloomberg* in a May 9, 2024 news report titled *SEC Probing Boeing’s Safety Claims After Panel Blew Off Plane*.

566. According to *Bloomberg*, “[t]he SEC investigation is focused on whether comments by the company or its executives misled investors . . . according to three people with knowledge of the probe. The probe is examining statements before and after a panel blew off during an Alaska Airlines flight shortly after takeoff on Jan. 5, leaving a gaping hole in the side of the plane, said the people, who asked not to be identified discussing the confidential investigation.”

567. That Boeing is currently being investigated for potential criminal, regulatory, and fraud violations concerning its safety-related practices and representations is strong and compelling evidence of Defendants’ scienter.

VI. DEFENDANTS’ FALSE AND MISLEADING STATEMENTS

568. Lead Plaintiffs allege that the statements set out in this Section that are ***bold and italicized*** were materially false, materially misleading, and/or omitted to disclose material information necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. The terms “misleading” and “misrepresentation” refer to statements that are false or misleading, including due to omission of information necessary to render the statement not misleading.

569. Lead Plaintiffs allege that Defendants’ statements within this Section were knowingly and materially false and misleading when made and/or omitted material information of which Defendants were aware or were reckless in not knowing. As alleged herein, such statements artificially inflated and/or artificially maintained the price of Boeing’s publicly traded common stock and operated as a fraud or deceit on all persons and entities that purchased such stock during the Class Period.

570. Throughout the Class Period, Defendants repeatedly made false and misleading statements relating to the safety of Boeing's airplanes and the supposed major shift in Boeing's safety processes, quality control, and safety culture (including purportedly encouraging employees to raise concerns without fear of retaliation), following the deadly 737 MAX Crashes in 2018 and 2019.

571. Defendants made these statements while also assuring Boeing's investors that the 737 MAX would safely return to service and that the Company would stabilize and increase the rate of production of its aircraft without sacrificing safety or quality.

572. Defendants also assured the market that Boeing was cooperating fully and transparently with regulators—including the FAA and DOJ. These regulators were focused on making sure that Boeing was safely manufacturing planes and that Boeing was correcting the fundamentally unsafe practices that led to the 2018 and 2019 Crashes and continued concerns about safety in Boeing's entire fleet.

573. Defendants made these statements while omitting material facts that indicated that the safety deficiencies that existed at Boeing before the 2018 and 2019 Crashes actually continued without abatement, and were in fact systemic deficiencies that permeated Boeing's entire commercial airplane manufacturing operations throughout the Class Period. Thus, Defendants misled investors concerning the safety of Boeing's aircraft, the quality of its manufacturing processes, and its ability to safely speed up its production lines. Moreover, employees who complained about these unsafe practices at Boeing found their concerns unaddressed and were retaliated against contrary to Boeing's assurances. In obscuring these systemic safety deficiencies—which were known and pervasive—Defendants also misled the market about Boeing's candor with regulators and its compliance with regulatory requirements.

574. Each statement and all conduct in this Section by or attributed to Defendants Muilenburg, Calhoun, West, and Smith, as well as other Boeing executives, managers, and directors of the Board, are attributable to Boeing as well, because each such statement or conduct was made or performed by the relevant individual in his or her capacity as a representative of Boeing, and because each such statement or conduct can properly be deemed a statement by Boeing or conduct by Boeing.

A. September 30, 2019 – Boeing Press Release Concerning Product Safety

575. The Class Period begins on September 30, 2019, when Boeing issued a press release announcing “*several immediate actions*” Defendant Muilenburg “*is taking to strengthen the company’s enduring commitment to product and services safety.*” According to the press release, these steps followed “recent recommendations from the Boeing Board of Directors that were the result of a five-month independent review of the company’s policies and processes for the design and development of its airplanes by a specially appointed committee,” which “focused on further improving safety throughout the company and the broader aerospace ecosystem.”

576. The press release quoted Defendant Muilenburg as follows:

Safety is at the core of who we are at Boeing, and the recent 737 MAX accidents will always weigh heavily on us. They have reminded us again of the importance of our work and *have only intensified our commitment to continuously improve the safety of our products and services[.] . . . My team and I embrace our board’s recommendations and are taking immediate steps to implement them across the company in partnership with our people, while continuing and expanding our ongoing efforts to strengthen safety across Boeing* and the broader aerospace industry. We thank our board and the committee members for their thorough work and ongoing support. Boeing is committed to always being at the forefront, proactively leading and advocating for continuous improvements in global aerospace safety.

* * *

... . These changes will enhance our team and amplify our focus on safety, while benefiting our customers and operational performance, and intensify our focus on learning, tools and talent development across the company.

* * *

...Ensuring the safety of the flying public, pilots and crew is our top priority as we work to return the 737 MAX to service. . . We'll keep learning from the recent accidents, share what we learn with the broader aviation community, and emerge better and stronger as a company and industry.

577. The press release further stated:

Muilenburg shared that Boeing is standing up a new Product and Services Safety organization that will further strengthen the company's safety-first focus. This organization will unify safety-related responsibilities currently managed by teams across several Boeing business and operating units. . . . The organization will bring together teams across Boeing—and external talent where needed—to elevate awareness and reporting of, and accountability for, safety issues within the company, further improving enterprise-wide product and services safety.

The organization is responsible for reviewing all aspects of product safety, including investigating cases of undue pressure and anonymous product and service safety concerns raised by employees. . . .

* * *

With input from the specially appointed committee, Muilenburg also announced that engineers throughout the company, including the new Product and Services Safety organization, will report directly to Hyslop, whose focus will be on health and capability of the Engineering function and related needs of the company. *This realignment will help strengthen engineering expertise, encourage a companywide approach to meeting customer, business unit and operational priorities, and further emphasize the importance of safety. . .*

The company also is . . . expanding the role and reach of the company's Safety Promotion Center *to reinforce Boeing's long-standing safety culture.*

* * *

That includes expanding companywide use of a comprehensive safety management system and safety review boards to standardize safety policy and objectives, share best practices, manage risk, assess performance, increase visibility and further strengthen the company's safety culture. An anonymous reporting system, born in Commercial Airplanes and expanded across the company, is encouraging employees to bring forward potential safety issues that will be reviewed by the Product and Services Safety organization. Also, safety review boards have been expanded and are now led by senior company leadership, including Boeing's chief engineer and business unit CEOs, resulting in enhanced visibility. Early gains and lessons learned are being applied—today—across a range of development and established programs.

578. The above statements concerning Boeing's purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing's commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) "gaps" between sections of the aircraft contrary to industry standards and Boeing's own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other

things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures”; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

B. October 23, 2019 – Third Quarter 2019 Press Release and Earnings Call

579. On October 23, 2019, Boeing released its financial results for the third quarter of 2019. In the press release announcing the earnings results, Defendant Muilenburg is quoted as follows:

Our top priority remains the safe return to service of the 737 MAX, and we’re making steady progress. . . . We’ve also taken action to further sharpen our company’s focus on product and services safety, and we continue to deliver on customer commitments and capture new opportunities with our values of safety, quality and integrity always at the forefront.

580. Analysts latched onto these representations in their analysis of Boeing’s earnings results. For example, Credit Suisse’s October 23, 2019 “First Look” at Boeing’s 3Q 2019 financial results highlighted key language from the Company’s press release, including Defendant Muilenburg’s statement about “further sharpen[ing] our company’s focus on product and services safety” and “continu[ing] to deliver on customer commitments and capture new opportunities with our values of safety, quality and integrity always at the forefront.”

581. On the October 23, 2019 earnings call to discuss Boeing’s third quarter 2019 results, Defendants devoted significant time and attention to informing investors that Boeing prioritizes safety and, more specifically, the safe return to service of the 737 MAX. For his part, Defendant Muilenburg spent much of his opening remarks on this topic, stating as follows:

[The Lion Air and Ethiopian Airlines] accidents affect all of us personally and reinforce the importance of the work we do. We know lives depend on it, and nothing is more important to us than the safety of all those who fly on our airplanes.

* * *

We are committed to working with the investigative authorities and the U.S. Congress, as they continue their investigations.

Our priority remains supporting the safe return to service of the [737] MAX and assisting our airline customers and operators through this difficult time. We are working daily with the FAA and global regulators on the process they have laid out for certifying the 737 MAX software and training updates and ungrounding the global fleet.

* * *

As part of our long-standing commitment to safety, last month I announced several actions we're taking to continuously improve. The actions followed recommendations from our Boeing Board of Directors that were the result of the five-month Independent Board Committee review that I've requested of our policies and processes for the design and development of our airplanes.

Members of the committee on airplane policies and processes rigorously explored this aspect of our business and made several recommendations focused on further improving safety throughout the company and the broader aerospace ecosystem. ***My team and I fully embraced our Board's recommendations and took immediate steps to implement them across the company.***

With the committee's input, we established a new product and services safety organization that will review all aspects of product safety and maintain oversight of our accident investigation team and the company's safety review boards.

Additionally, we're strengthening and elevating our engineering function through a direct reporting line to Boeing's Chief Engineer, who reports to me.

We're also establishing a formal design requirements program, enhancing our continued operation safety program, partnering with our airline customers on flight deck designs that continue to anticipate the needs of future pilot population, and we're expanding the reach of our Boeing safety promotion center.

These actions are on top of the steps our Board already has taken to reaffirm its commitment to and oversight of safety, including establishing a permanent aerospace safety committee and adding safety related experience as one of the criteria for future directors.

We're concurrently expanding our efforts to strengthen the way we manage safety across Boeing and our supply chain, for example, by broadening the use of a comprehensive safety management system and safety review boards. We're already driving a company-wide approach to safety, quality, and integrity that strengthens our vision and serves to reinforce and improve our operational performance.

* * *

Safety is our continual focus. Looking to the future, we'll be exploring ways we can strengthen global aviation safety in partnership with stakeholders across the aerospace community. We also continue to invest in talent for the future. . . .

As we keep safety at the forefront, we also remain focused on stability across our production systems and supply chain, as well as mitigating impacts to our customers.

582. During his prepared remarks, Defendant Smith emphasized Boeing's commitment to safety and the safe return to service of the 737 MAX, while also commenting on the production rate of the aircraft, stating as follows:

Our third quarter financial results also assume a gradual increase in the 737 production rate from the current 42 per month to 57 per month by late 2020. . . . Looking forward, the key drivers of the financial impact related to the 737 continue to be the return to service time line and conditions; the delivery ramp-up, which is dependent on how fast we can deliver aircraft once the fleet returns to service and how fast our customers can accept the aircraft; also includes 737 production rate profile and, as discussed, customers regarding potential concessions and considerations.

It's important to note that everything we do are focused on quality and safety are and always have been our highest priority. We do not compromise these values for cost or schedule.

Returning the MAX safely to flight continues to be priority 1 for us. It's a team effort that leverages the best talent from across Boeing and outside experts. We will continue to apply whatever resources are required to return the 737 MAX safely into the fleet and take the time necessary to do so, working hand in hand with our customers.

* * *

So in summary, while focusing on a very important priority of safe 737 MAX return to service and minimizing the significant impact on our customers and the flying public, our team keeps the core operating engine strong, delivering results and meeting customer commitments.

583. Defendant Muilenburg then returned to the topic of safety:

We'll stay true to our enduring values of safety, quality, and integrity while driving operational excellence across the enterprise. We will never waiver in our commitment, the importance of our work demands it. Nothing is more important to us than the safety of ours customers and the flying public. The safe return to service of the 737 MAX is our company's top priority. . . . With the changes we're making to the MAX software and training, we're confident that the MAX will be one of the safest airplanes ever to fly.

584. Defendant Muilenburg also reiterated in response to several questions from analysts that Boeing prioritized the safe return to service of the 737 MAX:

But again, in the near term, our laser focus is on the safe return to service of the MAX. That is the most important thing we can do. And we're going to invest all of our resource and focus in making that happen.

* * *

But in the near term, no question, our focus is on the safe return to service of the MAX. And I can tell you without any question, our preeminent focus every day going forward is on safety and quality.

* * *

[F]irst of all, let me be really clear on our priorities. *Our priority is safe return to service for the MAX, and that's been clear to our team, clear to all of our suppliers, clear to all of our constituencies. And we've applied additional resources there. We put additional talent there. That is our focus. . . . [L]et there be no question, our focus is on safe return to service of the MAX.*

* * *

But we are and will continue to share data consistently, and transparently, with all of the regulators. *Our interest here is on the safe return to service of the MAX. That is our focus, and we're*

working that hand in hand with the FAA, and we'll continue to support the other regulators as well.

585. On the topic of safety and production rate ramp-up, Defendant Smith responded to an analyst question as follows:

But as you mentioned, between getting the 737 MAX back up, that will be the single biggest driver, safely return that back to service, deliver on our aircraft off the ramp, and meeting those rate breaks that we talked about, and maintaining stability will be the key driver in the cash flow profile going forward.

586. To conclude the earnings call, Defendant Muilenburg again reiterated Boeing's focus on safety, and stated in response to a question about his upcoming congressional testimony:

I think everybody here is aligned on the objective of a safe aviation system for our country. And I know that's the interest of the committees. That is clearly the interest of our company. And I look forward to participating in those hearings and talk about what we're doing, all again with a focus on safety. And that's our culture, that's what our company is about. And I hope to represent that, represent it well at the hearings next week.

587. The above statements concerning Boeing's purported prioritization of the 737 MAX's "safe" return to service, and prioritization of safety at Boeing, were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose that (a) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (b) Boeing continued to rely on unsafe manufacturing practices, including the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety, including with the 737 MAX aircraft; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, which manufactured 737 MAX fuselages, where Boeing knew quality failures were pervasive; (d) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (e) Boeing did

not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures”; and (f) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

C. October 23, 2019 – Third Quarter 2019 Form 10-Q

588. On October 23, 2019, Boeing filed with the SEC a Form 10-Q reporting the Company’s third quarter 2019 financial results, which incorporated risk factors disclosed in the Company’s February 8, 2019 Form 10-K for the year ended December 31, 2018. Such risk factors, as noted in the February 8, 2019 10-K, include the following:

Operational challenges impacting the production system for one or more of our commercial aircraft programs could result in production delays and/or failure to meet customer demand for new aircraft, either of which would negatively impact our revenues and operating margins. Our commercial aircraft production system is extremely complex. *Operational issues, including delays or defects in supplier components, failure to meet internal performance plans, or delays or failures to achieve required regulatory certifications, could result in significant out-of-sequence work and increased production costs, as well as delayed deliveries to customers, impacts to aircraft performance and/or increased warranty or fleet support costs.*

If our commercial airplanes fail to satisfy performance and reliability requirements, we could face additional costs and/or lower revenues. Developing and manufacturing commercial aircraft that meet or exceed our performance and reliability standards, as well as those of customers and regulatory agencies, can be costly and technologically challenging. These challenges are particularly significant with newer aircraft programs. Any failure of any Boeing aircraft to satisfy performance or reliability requirements could result in disruption to our operations, higher costs and/or lower revenues.

* * *

Our ability to deliver products and services that satisfy customer requirements is heavily dependent on the performance and financial stability of our subcontractors and suppliers, as well as on the availability of raw materials and other components.

We rely on other companies including U.S. and non-U.S. subcontractors and suppliers to provide and produce raw materials, integrated components and sub-assemblies, and production commodities and to perform some of the services that we provide to our customers. ***If one or more of our suppliers or subcontractors experiences financial difficulties, delivery delays or other performance problems, we may be unable to meet commitments to our customers or incur additional costs.***

589. The above statements were materially false and misleading when made because Defendants noted only that *potential* risks such as out-of-sequence work, failure to meet “reliability requirements,” and other operational challenges (including the performance and stability of suppliers and “defects” from suppliers) could have a negative impact on its business, financial condition, and results of operations—all while failing to disclose that, at the time of the statements, out-of-sequence work, operational challenges (including “defects” from Spirit, Boeing’s most important supplier), and Boeing’s failure to comply with regulatory requirements were ongoing and *presently existing* conditions that the Company was already facing.

D. November 5, 2019 – Interview of Defendant Calhoun on CNBC’s Squawk Box

590. On November 5, 2019, Defendant Calhoun—then the Chairman of the Board—appeared on CNBC’s Squawk Box to discuss the 737 MAX incidents.

591. As part of that interview, Defendant Calhoun stated as follows:

Everything related to safety and its impact on compensation and many other facets of the operation of our company will be turned over and looked at hard and many revisions will be made. So I don’t want to predict the outcome – but you can be sure we’ll look at it. . . .

592. Defendant Calhoun further stated that:

Everyday we [the Board] get an update, a complete update on the status of the MAX and what's happening with the software development, release, approval, certification etc. Um, so this is a very involved Board. Admiral [Edmund] Giambastiani, who has led our safety efforts and drive deep into the company, he has done an amazing job. You'd think he was working full time on this and I think most of our team believe he is and we thank him for that service. *This is a very involved Board.* It's doing its very best to cope a very difficult situation. We are not trying to rewrite history. We are simply trying to take every next half step forward the right way.

593. In response to a question about whether Boeing's Board was made up of enough engineers to ensure the Company could overcome its safety challenges, Defendant Calhoun responded (in part):

. . . . The safety committee chair, Admiral [Edmund] Giambastiani, who I believe is just one of the, really one of the terrific leaders. He has led an effort to study, look at, bring outside experts in to look at all of our safety practices across the Boeing commercial, and broadly across the whole company. *Um, and we have embarked on a program that will make significant changes to all of that.* And I think he's doing it the right way.

594. Defendant Calhoun also explained during the interview the reason why he was appointed Chairman of the Board:

My appointment of chairman was very much about a division of duty. And . . . the experience I brought from my aviation days and *what I think is the significant overhauls that have to go on inside our company to increase visibility on the subject of safety, straight up to the Board and right down to the bottom of the organization and create more independence in the functions that represent safety.*

595. Defendant Calhoun also stated as follows with respect to the 737 MAX incidents:

"Our job now is to make sure that whatever processes we have, whatever processes our regulator has, that those processes never allow for this to happen again."

596. During the interview, Defendant Calhoun was asked to respond to allegations that within Boeing there was a “culture of concealment, of not being 100% upfront when it comes to safety,” to which he responded:

I just don't see that. I don't believe it. I have many touchpoints inside Boeing. I always have. That question of culture and anybody's willingness to trade safety against anything else – never seen it, never touched it, don't believe it.

597. Defendant Calhoun also discussed Boeing's relationship with regulators and customers as it relates to safety, stating as follows:

I think both the FAA and ourselves will look hard at these . . . look hard at all of these practices, we will attempt to improve them on our own and we will encourage reform at every turn, all in the name of safety.

* * *

We're going to have to have a [737] MAX back in the air that's flying safely, maybe safer than any airplane that's ever flown.

598. When asked about the reputation of the 737 MAX, Defendant Calhoun stated:

This airplane has been updated several times over the course of its tenure out there, always with the latest technology and safety requirements in mind . . . and this airplane will fly, and it will be safe.

599. The above statements concerning Boeing's purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing's commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) “gaps” between sections of the aircraft contrary to industry standards and Boeing's own engineering specifications, and the reliance on

an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures”; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

E. November 6, 2019 – New York Times DealBook Conference

600. On November 6, 2019, Defendant Muilenburg was interviewed by Andrew Ross Sorkin during the New York Times DealBook Conference.

601. During the interview, Defendant Muilenburg was asked several questions about reports that individuals within Boeing had raised safety concerns about the 737 MAX. In response, Defendant Muilenburg stated:

We’re going to learn from these accidents. We’re gonna be better as a company. We’re making the fixes that we need to make to the airplane. It’s going to be one of the safest airplanes ever to fly. And we’re gonna learn and we’re gonna get better as a company.

Our culture is to encourage people to speak up. Right, we want to hear those inputs, we want to hear different points of views. . . . We build our safety case based on data and substantive technical work.

[A]ny inputs we get from our employees, we take those seriously. We're working around the clock focused on safety of the airplanes.

602. The above statements concerning Boeing's supposed promotion of a corporate culture that prioritized safety and encouraged employees to speak up and raise safety concerns were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

603. Defendant Muilenburg also reiterated Boeing's focus on the safety of its airplanes, stating at various points during the interview:

We take a lot of pride at Boeing in the safety of the products we build. People count on us for safe travel.

* * *

. . . . We've been focused ever since the accidents on understanding what happened, doing everything we can to fix the airplane, to improve the MAX. We've been focused on working to make the safest airplane ever to fly. . . . We talk a lot at Boeing about the fact that lives depend on what we do, literally. And that should demand this incredible sense of excellence and how we do it.

It's not about the money. It's about the importance of what we do and our commitment to safety as a company. This all needs to tie back to a culture of safety. That's what makes our company work.

And certainly our Board is gonna take a look at every dimension of our processes and policies related to safety.

* * *

Taking a look at every one of our policies and processes and how they go back and reinforce our safety culture, I fully support that. ***Our company works, our business model works, because we build, design, support safe airplanes. We provide safe travel for the public. And everything we do should reinforce that objective.***

604. In response to questions about Boeing's safety culture and what Boeing will do differently after the 2018 and 2019 Crashes, Defendant Muilenburg responded:

Really important that we focus on the safety culture. So, what you're gonna see in our company, we've always had – at the core of our company – a focus on safety. But that's being elevated in new ways now. Establishing a new Board committee on safety, a new safety organization that reports directly up through our chief engineer, we have realigned our entire engineering function. All of that is focused on driving safety focused and performance and culture in our company. And at the core of our company, it's about building, designing safe airplanes. That's who we are.

605. The above statements concerning Boeing's purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing's commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) "gaps" between sections of the aircraft contrary to industry standards and Boeing's own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other

things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures”; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

606. When asked what Boeing had to do to rebuild trust with the flying public, Defendant Muilenburg stated:

Well first of all we have to make sure the airplane is absolutely safe. So everything we’re doing right now is focused on safely returning the MAX to flight. We’re gonna take the time to get it right. This is not going to be governed by a particular timeline, as you’ve heard from the FAA as well. *We’re going to make sure the airplane is safe. So, everything we’re doing is focused on that. . . .* The timeline will be determined by the regulators [around the world]. *Our job is to make sure the airplane is safe.*

607. Defendant Muilenburg reiterated that the 737 MAX “*will be one of the safest airplanes ever to fly;*” that Boeing “*ha[s] to stick to its core values around safety, quality and integrity*” and that everyone at Boeing “*had the ultimate goal of safety as our focus.*”

608. The above statements concerning the “safe” return to flight of the 737 MAX aircraft were materially false and misleading when made because: (a) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (b) Boeing continued to rely on unsafe manufacturing practices, including the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety, including with the 737 MAX aircraft; and (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, which manufactured 737 MAX fuselages, where Boeing knew quality failures were pervasive.

F. November 6, 2019 – Baird Global Industrial Conference

609. On November 6, 2019, Defendant Smith spoke at the Baird Global Industrial Conference, during which he stated the following about working with regulators to get the 737 MAX back in the air: *“Our job, be responsive and complete with that and ensuring that everybody has exactly what they need at any given time to complete the work and essentially get to a safe return to flight for the airplane.”*

610. Defendant Smith also stated as follows:

So when it comes time to return to service, *priority one, help our customers get the airplanes back in the air safely* and be there 24/7 for them as they enter them back into service.

* * *

[W]e’re not going to deliver the airplane to the customer until it’s ready and we got it fully out of preservation, and we’ve done all of our checks and our -- all of our flights. And then we’ll start the delivery process.

611. The above statements concerning the recertification of the 737 MAX and the safety of the 737 MAX aircraft were materially false and misleading when made because: (a) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (b) Boeing continued to rely on unsafe production practices, including the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety, including with the 737 MAX aircraft; and (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, which manufactured 737 MAX fuselages, where Boeing knew quality failures were pervasive.

612. When asked if Boeing sacrifices “quality or safety for cost or schedule things,” Defendant Smith stated:

I've never seen a trade take place there between those elements. Safety has always been at the forefront of our business. It's a 103-year-old business that is – that's the basis of this business and the success of this business is entering into whether you're entering into a spacecraft or an airplane or a fighter or a helicopter safety is at the forefront of everything we do. *And it's embedded in the culture.*

We certainly have reflected a lot on the MAX . . . And our job is to ensure that nothing like that ever happens again. And that's the priority within the company. *And safety, again, has always been a key element . . . There's no trade-offs that take place there. That's the priority. That's always been the priority and that will continue to be.*

613. The above statements concerning Boeing's purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing's commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) "gaps" between sections of the aircraft contrary to industry standards and Boeing's own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other

things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures”; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

614. Analysts understood that Defendants’ statements touting safety were material. Indeed, on November 18, 2019, Sanford C. Bernstein & Co. LLC stated in an analyst report, and in response to these statements, that **“Safety is a paramount factor in the industry”** and that **“Safety is more important than ever after the MAX grounding.”**

G. December 16, 2019 – Press Release Regarding 737 MAX Production

615. On December 16, 2019, Boeing filed with the SEC a Form 8-K that included as an exhibit a press release titled “Boeing Statement Regarding 737 MAX Production.” The press release stated as follows in relevant part:

Safely returning the 737 MAX to service is our top priority. We know that the process of approving the 737 MAX’s return to service, and of determining appropriate training requirements, must be extraordinarily thorough and robust, to ensure that our regulators, customers, and the flying public have confidence in the 737 MAX updates. As we have previously said, the FAA and global regulatory authorities determine the timeline for certification and return to service. We remain fully committed to supporting this process. It is our duty to ensure that every requirement is fulfilled, and every question from our regulators answered.

616. The above statements concerning the safe return to flight of the 737 MAX aircraft were materially false and misleading when made because: (a) Boeing continued to rely on unsafe manufacturing practices, including the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety, including with the 737 MAX aircraft; (b) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, which manufactured 737 MAX fuselages, where

Boeing knew quality failures were pervasive; (c) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane.

H. January 22, 2020 – Press Conference at Boeing’s Longacres Campus in Renton, Washington

617. On January 22, 2020, Defendant Calhoun addressed the press during a teleconference, during which he spoke from Boeing’s campus in Renton, Washington. In response to a question about whether Boeing’s focus on cost-cutting had compromised aircraft safety, Calhoun emphasized that safety was the “most important” component of shareholder value, stating:

If ever there was a moment to emphasize safety as . . . the most important part of shareholder value, it’s now. . . . Safety first. Without it, there is no shareholder value.

618. During this same teleconference, Defendant Calhoun also stated as follows regarding how he, as the newly appointed CEO, intended to change Boeing’s company culture: *“It’ll be built around the level of light we shed on safety processes.* It’ll be built on the engineering disciplines and what we do for pilots around the world, not just pilots in the U.S.”

619. The above statements concerning Boeing’s purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing’s commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) “gaps” between sections of the aircraft contrary to industry standards and Boeing’s own engineering specifications, and the reliance on

an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures”; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

I. January 29, 2020 – Interview of Defendant Calhoun on CNBC

620. On January 29, 2020, Defendant Calhoun appeared on CNBC to discuss the Company’s just-released fourth-quarter and full-year 2019 financial results, as well as other topics, including the 737 MAX.

621. During the appearance, when asked “why should people have confidence in the [737] MAX,” Defendant Calhoun responded:

If we didn’t believe that we were going to field an aircraft that was safer than the safest demonstrated airplane that is out there today, we wouldn’t do it. That’s what the FAA wants; that’s what Boeing wants – it is a fundamentally sound airplane. The scrutiny it is getting now, the tests are exhaustive, the documentation is clear, the training recommendations are as robust as they could possibly be. Um, if I didn’t believe in all of that process, if our people on the ground didn’t believe it, I wouldn’t be sitting here in front of you today with a schedule like we’ve laid out.

622. In response to a follow-up question, Defendant Calhoun reiterated the safety of the 737 MAX, as compared to all other airplanes on the market:

But again we believe this airplane is safer than the safest airplane flying today.

623. The above statements concerning the safety of the 737 MAX aircraft were materially false and misleading when made because: (a) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (b) Boeing continued to rely on unsafe manufacturing practices, including the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety, including with the 737 MAX aircraft; and (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, which manufactured 737 MAX fuselages, where Boeing knew quality failures were pervasive.

J. January 29, 2020 – Fourth Quarter 2019 Press Release and Earnings Call

624. On January 29, 2020, Boeing released its financial results for the fourth quarter of 2019. In the press release announcing the earnings results, Defendant Calhoun is quoted as follows:

We are focused on returning the 737 MAX to service safely and restoring the long-standing trust that the Boeing brand represents with the flying public. We are committed to transparency and excellence in everything we do. Safety will underwrite every decision, every action and every step we take as we move forward.

625. On the January 29, 2020 earnings call to discuss Boeing's fourth quarter 2019 results, Defendant Calhoun—participating in his first earnings call as CEO—stated as follows during his opening remarks:

Together, we're committed to getting back on our front foot, learning with humility and building on the powerful legacy they and their predecessors have created over the last century. This includes engaging with one another and our stakeholders with greater

transparency, *holding ourselves accountable to the highest standards of safety and quality* and incorporating an outside-in perspective on what we do and how we do it.

* * *

First and foremost, our primary focus continues to be returning the 737 MAX to service safely. This includes following the lead of our regulators and working with them to ensure they're satisfied completely with the airplane and our work. The FAA and the global regulatory authorities will determine the timeline for certification and return to service, and we remain fully committed to supporting this process. Our job is to ensure that every requirement is fulfilled, every question from the regulators answered. We'll get it done, and we'll get it done the right way.

As you well know, over the last year, the entire Boeing Board has been actively engaged in helping to resolve our current challenges and *enhancing our governance and safety oversight. These actions included establishing a Board Safety Committee and realigning and elevating the safety management and engineering organizations across the company. These organization design changes will shine bright lights on the safety process and the engineering disciplines that underlie them.*

* * *

Similarly, public, customer and stakeholder confidence in the 737 MAX is critically important to us. . . *Our singular priority is safety; and every decision, every action, every step we take as we move forward will be guided by it.*

* * *

Our culture is centered around strong shared values, safety, quality and integrity. Every day, we will recommit to these and foster an inclusive environment that embraces oversight and accountability, and puts these 3 core principles above all else. We will listen and resolve real-time any all employee concerns pertaining to safety or other of our shared values.

We will also focus on operating with excellence. *We must get back to basics: delivering safe products and services to our customers, while continuously improving our quality.*

We will restore production health both within the Boeing's 4 walls and the industry at large. We'll keep taking steps to manage our supply chain health and maintain workforce expertise across the

enterprise so that, in particularly, with respect to the 737 MAX, we'll be ready to restart production, increase rate safely, smartly, disciplined and with the highest standards of quality.

626. Before turning the earnings call over to questions from analysts, Defendant Calhoun added: *"The MAX is a sound airplane. We believe we're going to deliver the safest airplane in the sky, and we're committed to do just that, and I know our regulator is as well."*

627. During the questions-and-answer segment of the earnings call, Defendant Smith stated as follows in response to an analyst's question about the 737 MAX: *"[T]he focus right now, safely get this thing back in the air, and we're going to do it one airplane at a time."*

628. When asked by analysts, "[h]ow do you change the culture[?]" Defendant Calhoun responded:

Listening starts with leadership, and it starts with me. And I think we need to do more of it. And then, slowly, steadily, you change culture. People want to believe in that, and they will. They are all good engineers. They are all – they all follow disciplined processes. . . . *So the thing isn't entirely broken.* Leaders have a massive role to play in setting culture, setting the stage for how to fix a culture. And I have to demonstrate; one step at a time, every inch of the way. *I don't have to convince anybody that safety is in the best interest of every stakeholder and including investors. It is. It's perfectly obvious to everyone. So I have no convincing to do on that front. I will have no competing priorities as we step forward.* And so I hate to reduce it to things that's simple, but I think that's what it's all about.

629. The above statements concerning the recertification of the 737 MAX and the safety of the 737 MAX aircraft were materially false and misleading when made because they were inconsistent with, and Defendants did not disclose, that: (a) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (b) Boeing continued to rely on unsafe manufacturing practices, including the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety, including with the 737 MAX aircraft; and (c) Boeing did

not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, which manufactured 737 MAX fuselages, where Boeing knew quality failures were pervasive.

630. Additionally, the above statements concerning Boeing's purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing's commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including (and in addition to the reasons set forth in the prior paragraph) that (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) "gaps" between sections of the aircraft contrary to industry standards and Boeing's own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (d) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that "Boeing employees did not demonstrate knowledge of Boeing's enterprise-wide safety culture effects, nor its purpose and procedures"; and (e) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

631. Analysts took note of Boeing's purported focus on safety and transparency. On January 29, 2020, Credit Suisse published a report titled "Q4'19 First Look" which highlighted language from the press release, quoting Calhoun's assurance: "We are committed to transparency and excellence in everything we do. Safety will underwrite every decision, every action and every step we take as we move forward." Credit Suisse noted that it expected that "commentary on the call as it relates to the MAX may heavily influence trading."

632. Additionally, following the earnings conference call, analysts praised Defendant Calhoun's purported focus on Boeing's long-term credibility. An analyst at TD Cowen wrote on January 29, 2020: "We think CEO Calhoun's strategy for rebuilding [Boeing's] credibility has a good chance for longer term success – but at a high near term financial cost." The analyst noted that Calhoun's "key focus is on rebuilding [Boeing's] credibility with customers, suppliers, regulators & employees" and that "[t]o this end, he's taken a conservative approach to achieving MAX [return to service], conscious of the need to avoid any confidence threatening miscues." TD Cowen praised Calhoun for, among other things, "offer[ing] support to suppliers, and promis[ing] to 'listen' to employee complaints." The analyst concluded: "All of these moves look like the right steps to achieving a successful MAX [return to service] & improving relations with [Boeing's] constituents; but they come at a financial cost."

K. January 31, 2020 – Full Year 2019 Form 10-K

633. On January 31, 2020, Boeing filed with the SEC its Form 10-K reporting the Company's financial and operational results for the full year 2019 ("2019 Form 10-K").

634. Appended as an exhibit to the 2019 Form 10-K were signed certifications pursuant to the Sarbanes-Oxley Act of 2002, in which Defendants Calhoun and Smith certified that "[t]he [10-K] fully complies with the requirements of Section 13(a) or 15(d) of the [Exchange Act]" and

that “[t]he information contained in the [10-K] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

635. The 2019 Form 10-K included the following risk factors:

Operational challenges impacting the production system for one or more of our commercial aircraft programs could result in production delays and/or failure to meet customer demand for new aircraft, either of which would negatively impact our revenues and operating margins. Our commercial aircraft production system is extremely complex. *Operational issues, including delays or defects in supplier components, failure to meet internal performance plans, or delays or failures to achieve required regulatory approval, such as the with the 737 MAX, could result in significant out-of-sequence work and increased production costs, as well as delayed deliveries to customers, impacts to aircraft performance and/or increased warranty or fleet support costs.*

If our commercial airplanes fail to satisfy performance and reliability requirements, we could face additional costs and/or lower revenues. Developing and manufacturing commercial aircraft that meet or exceed our performance and reliability standards, as well as those of customers and regulatory agencies, can be costly and technologically challenging. These challenges are particularly significant with newer aircraft programs. Any failure of any Boeing aircraft to satisfy performance or reliability requirements could result in disruption to our operations, higher costs and/or lower revenues.

* * *

Our ability to deliver products and services that satisfy customer requirements is heavily dependent on the performance and financial stability of our subcontractors and suppliers, as well as on the availability of raw materials and other components.

We rely on other companies including U.S. and non-U.S. subcontractors and suppliers to provide and produce raw materials, integrated components and sub-assemblies, and production commodities and to perform some of the services that we provide to our customers. *If one or more of our suppliers or subcontractors experiences financial difficulties, delivery delays or other performance problems, we may be unable to meet commitments to our customers or incur additional costs.*

636. The above statements were materially false and misleading when made because Defendants noted only that *potential* risks such as out-of-sequence work, failure to meet “reliability requirements,” and other operational challenges (including the performance and stability of suppliers and “defects” from suppliers), could have a negative impact on its business, financial condition, and results of operations—all while failing to disclose that, at the time of the statements, out-of-sequence work, operational challenges (including quality control issues and defects from Spirit, Boeing’s most critical supplier), and Boeing’s failure to comply with regulatory requirements, were ongoing and *presently existing* conditions that the Company was already facing.

L. Boeing Codes of Conducts

637. Boeing’s 2019 Form 10-K incorporated by reference various codes of conduct, posted on Boeing’s website, including a code of conduct applicable to all Boeing employees, including the CEO (the “Employee Code of Conduct”), which requires employees to commit to the following:

I will promptly report any illegal or unethical conduct to management or other appropriate authorities (i.e. Ethics, Law, Security, EEO).

Every employee has the responsibility to ask questions, seek guidance and report suspected violations of this Code of Conduct. ***Retaliation against employees who come forward to raise genuine concerns will not be tolerated.***

638. The 2019 Form 10-K also incorporated by reference a code of conduct applicable to Boeing’s Board (the “Board Code of Conduct”), which required the Board and each Director to commit to the following:

Encouraging the Reporting of any Illegal or Unethical Behavior

Directors shall continue to promote ethical behavior and take steps to ensure that the Company continues to (a) encourage employees

to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation; (b) encourage employees to report violations of laws, rules, regulations or the Company's Ethical Business Conduct Guidelines to appropriate personnel; and (c) inform employees that the Company will not allow retaliation for reports made in good faith.

639. Boeing's Ethical Business Conduct Guidelines, referenced above in the Board Code of Conduct and also available on Boeing's website, includes the following information about the procedures employees should follow to report concerns within the Company and Boeing's prohibition against retaliation:

The Boeing Code of Conduct clearly states that retaliation against employees who come forward and raise concerns will not be tolerated. If an employee feels he or she has been retaliated against, there are several reporting channels available, including contacting a manager, Ethics Advisor, Human Resources representative, or the Law Department.

* * *

A culture of openness and accountability thrives on transparency and honest two-way communication. *To ensure that we all do our part in continually advancing this kind of culture, Boeing expects all employees and stakeholders to report potential misconduct promptly so that it can be appropriately addressed.*

640. The above statements concerning Boeing's purported culture of encouraging employees to raise concerns without fear of retaliation were materially false and misleading when made because Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

M. February 12, 2020 – Cowen Aerospace Defense Industrial Conference

641. On February 12, 2020, Defendant Smith participated in the Cowen Aerospace Defense Industrials Conference.

642. Defendant Smith emphasized throughout the interview Boeing's focus on safety:

[W]e've got the teams focused on that, day in and day out. ***It's – get the MAX safely back up into the air.***

* * *

So again, ***single biggest driver in there is getting the MAX safely back up and then making incremental rate increases, ensuring we have stability.***

* * *

Well, look, first and foremost, airplane safely back into service. That's number one. . . .

643. The above statements concerning the safe return to flight of the 737 MAX were materially false and misleading when made because: (a) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (b) Boeing continued to rely on unsafe manufacturing practices, including the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety, including with the 737 MAX aircraft; and (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, which manufactured 737 MAX fuselages, where Boeing knew quality failures were pervasive.

644. Defendant Smith concluded the interview by explaining the Company's increased focus on safety since the two crashes:

And look, there's been a lot of hard learnings as a result of the MAX certainly. ***And we've made a lot of changes, and we'll continue to make changes that are – have been and will continue to be a big commitment. Having a Safety Committee on our Board, having somebody in charge of the safety for The Boeing Company and reporting to us and all the items that are being addressed, having safety representatives in each of the organizations, having the engineering organization realigned, hard-lined into the chief engineer, these are all things that we've taken on*** and become – you ask, where do you spend your time? There's a lot of our time

being spent on some of these things and fundamentals that ultimately will improve our company.

645. The above statements concerning Boeing's purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing's commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) "gaps" between sections of the aircraft contrary to industry standards and Boeing's own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that "Boeing employees did not demonstrate knowledge of Boeing's enterprise-wide safety culture effects, nor its purpose and procedures"; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

N. February 20, 2020 – Interview of Defendant Calhoun on Seattle’s King-5 News

646. On February 20, 2020, Defendant Calhoun was interviewed on Seattle’s KING-TV network about safety issues with the 737. During the interview, Defendant Calhoun stated:

There are a lot of things we can do to tidy up our processes, our procedures and our disciplines to make sure it never happens again. But with respect to culture, people weren’t making trades – oh, let’s . . . we gotta lower cost if we, we can trade safety away for that. That’s not what happened.

647. The above statement that Boeing purportedly was not “making trades” on safety was materially false and misleading when made because this statement was inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing’s commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that (a) Boeing took unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) “gaps” between sections of the aircraft contrary to industry standards and Boeing’s own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing relied on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s

enterprise-wide safety culture effects, nor its purpose and procedures”; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

O. March 5, 2020 – Defendant Calhoun Interview on Fox Business News

648. On March 5, 2020, Defendant Calhoun was interviewed on Fox Business News. During the interview, Defendant Calhoun described the recertification process for the 737 MAX, stating in part: “*There is nothing in that [recertification] process that scares us with respect to the safety of the airplane.*”

649. When asked about the then-recently announced plan to have the 737 MAX recertified by June 2020 and whether Boeing believed that was realistic, Defendant Calhoun responded:

We do. So back in the air simply means that we are certified to get the airplane back in the air. *The process by which we bring airplanes that have already been delivered to customers and are grounded back in the air is provided for in a methodical, systematic way*, largely controlled by those customers. And then our finished goods inventory, which you know is significant, for roughly 400 airplanes, also, everyone of those airplanes has to be touched, warm, flown, and then introduced to our customer base. But all of that *has been provided for in a very disciplined, methodical way*. And we’ll do it one airplane at a time. . . . *The process, I believe, is set up to be very disciplined, smart, and delivers one airplane at a time, always certified, always with safety in mind.*

650. Defendant Calhoun added with respect to 737 MAX recertification: “We will simply deliver the airplane that we have designed and now recertified believing it will be the safest airplane in the sky. You would never develop an airplane, you would never put it forward, if you didn’t believe that to your core. *This will have gone through a certification process like I’ve never seen before: thorough, exhaustive testing every step of the way.*”

651. The above statements concerning the recertification of the 737 MAX were materially false and misleading when made because: (a) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (b) Boeing continued to rely on unsafe manufacturing practices, including the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety, including with the 737 MAX aircraft; and (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, which manufactured 737 MAX fuselages, where Boeing knew quality failures were pervasive.

652. Fox Business News then asked Defendant Calhoun about the “crass” internal emails and messages sent by Boeing engineers that ultimately became public and what changes Defendant Calhoun would make to Boeing’s culture. Defendant Calhoun responded:

For us, shining bright lights on the Company, allowing the public to understand our company more clearly, we don’t want to hide anything from anybody because we are proud of what we do. The products that we make are incredible. They’re good for humanity. We have to reinforce all that. ***But we have to listen to everybody, at every stage, and at every level of our company. And we have to process what we hear and we have to make clear open discussions along the way. I want us to be seen as a very transparent high-value company, clearly focused on safety. This moment in time, in light of what’s happened, the priority around safety it could not be clearer. It could not be clearer to the outside constituency, it could not be clearer to our employees, and it could not be clearer to me.***

653. The above statements concerning Boeing’s purported “priority around safety” were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing’s commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that (a) Boeing continued to take unsafe shortcuts during the manufacturing

process such as improper shimming of (and failure to shim) “gaps” between sections of the aircraft contrary to industry standards and Boeing’s own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

P. March 13, 2020 – Boeing’s Proxy Statement

654. On March 13, 2020, Boeing filed a proxy statement in connection with the upcoming annual meeting of shareholders (the “2020 Proxy”). The 2020 Proxy began with a message from the Chairman of the Board, Lawrence Kellner, and a message from the CEO, Defendant Calhoun, each addressed to Boeing’s shareholders.

655. The message from the Chairman previewed the contents of the 2020 Proxy, and explained:

As you will read in the pages that follow, your board has been actively overseeing the company’s efforts toward restoring trust with stakeholders and recommitting to our core values. But we know

that there is more work to do. *You have my word that we will continue to evaluate additional actions in 2020 and beyond to strengthen our culture of transparency and accountability.* This includes recommitting to Boeing's values at every level of the company. *Safety, quality and integrity are paramount* in service to the company and the communities where Boeing's people live and work.

656. Defendant Calhoun's letter to shareholders explained, in the wake of the 737 MAX disasters, that:

We are engaging one another and our stakeholders with greater transparency and humility; asking and answering tough questions throughout the company; and focusing our efforts and our organizational structure more sharply on what matters most. *Above all, we are holding ourselves accountable to the highest standards of safety, quality and integrity.*

657. Additionally, Calhoun's letter explained:

[W]e have taken decisive steps to improve our ability to deliver safe products and services for our customers. For example, we have established a new Product and Services Safety organization that reviews all aspects of product safety. And we are strengthening our engineering teams by organizing them into a single function with a direct reporting line to Boeing's chief engineer. *We have also launched an enhanced reporting channel for employees to speak up about safety, quality and ethics concerns.* I am determined to ensure that accountability begins with our leaders — and that starts with me.

658. The 2020 Proxy showcased the Company's focus on safety, beginning with a section titled, "The Boeing Board: Learning and Taking Action" that "describe[d] many of the actions the Board has taken to improve safety, strengthen our culture, and meet our commitments to our stakeholders."

659. The 2020 Proxy explained that Defendant Calhoun asked employees to focus on a number of priorities, including:

Operate with excellence *to deliver safe products* and services to customers, continuously improving quality performance and remaining focused on what is important.

Restore production health by taking steps to preserve the supply chain and workforce expertise, *ensuring we are ready to restart 737 MAX production and increase rate safely, smartly and with the highest standards of quality.*

Invest in our future and keep innovating to succeed, building our global workforce and *developing new processes and technologies to improve safety and efficiency.*

660. In outlining the Company's "Director Qualification Criteria," the 2020 Proxy included: "***Safety. The Board is committed to safety as a core value of the Company – both with respect to the safety of our aerospace products and services and the safety of our employees in the workplace.***"

661. In discussing "Risk Oversight," the 2020 Proxy explained:

It is the responsibility of the Board and senior management to ensure that we avoid imprudent risks and mitigate the many strategic, technological, operational, and compliance risks we face, all with our core values of safety, quality, and integrity at the forefront. Senior management is responsible for day-to-day management of risk, including the creation of appropriate risk management policies and procedures.

662. The above statements concerning Boeing's purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing's commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) "gaps" between sections of the aircraft contrary to industry standards and Boeing's own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence

work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures”; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

663. Analysts paid attention to these representations. For example, a March 15, 2020 report from Jefferies noted that the Proxy had a “[f]ocus on [r]estoring [c]onfidence[.]” The report discussed the letters from the Chairman and Defendant Calhoun and the Company’s “goal to evaluate additional actions in 2020 and beyond to strengthen [Boeing’s] culture of transparency and accountability.” The report also noted topics discussed by Boeing’s Board of Directors as outlined in these letters, including “response to the 737 MAX accidents”; “risk oversight”; and “company culture,” among others. The report also discussed various “[a]ctions taken with regard to these items,” including a number of the Independent Recommendations.

Q. April 27, 2020 – 2020 Address to Shareholders

664. On April 27, 2020, Boeing held its annual shareholder meeting. During his address to shareholders, after referencing the COVID-19 pandemic and its effects, Defendant Calhoun stated: “[W]e have been resizing, reshaping and continuously reviewing our business – starting at the top with our leadership structure. We are streamlining roles and responsibilities and preparing

now for the post-pandemic industry footprint. *With each decision, we have kept our people and stakeholders involved and informed with a commitment to transparency – a key learning from 2019 and the 737 MAX accidents.*”

665. Defendant Calhoun then discussed the Crashes, stating: “we continue to feel the deepest sorrow for the loved ones and colleagues of those who died in the Lion Air Flight 610 and Ethiopian Airlines Flight 302 accidents. We have not forgotten them. We never will. The loss of life is devastating and always will be. We are deeply humbled by these tragedies, and *they fuel our determination to continuing implementing the lessons we have learned and to uphold our commitment to safety.*”

666. Defendant Calhoun further stated:

To that end, we have taken many actions, including establishing and operationalizing a new Product and Services Safety organization that reviews all aspects of product safety. We are installing a new design practices program to further enhance the work our engineers do. And we are fortifying our Engineering team by organizing engineers into a single function reporting directly to Boeing’s chief engineer. *This realignment effort, which will be completed later this year, will further strengthen our engineering work and elevate the safety and quality of our products and services.*

We also launched an enhanced reporting channel for employees to speak up about safety, quality and ethics concerns. And I am determined to ensure that the accountability for modeling our culture lies with leaders – and that starts with me.

667. The above statements concerning Boeing’s purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing’s commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing

process such as improper shimming of (and failure to shim) “gaps” between sections of the aircraft contrary to industry standards and Boeing’s own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures;” and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

668. Defendant Calhoun also stated as follows regarding the 737 MAX:

We keep driving toward the safe return to service of the 737 MAX while working closely with global regulatory authorities, including the U.S. Federal Aviation Administration, the FAA. We are committed to supporting their process and timeline, and our progression has continued during the pandemic.

* * *

I established six company priorities in January. ***They include returning the 737 MAX safely*** to service and earning back trust with our stakeholders. We are also committed to delivering excellence across our businesses and restoring our production health. And we are determined to invest in our future while always living our values.

669. The above statements concerning the “safe return to service” of the 737 MAX were materially false and misleading when made because: (a) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (b) Boeing continued to rely on unsafe manufacturing practices, including the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety, including with the 737 MAX aircraft; and (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, which manufactured 737 MAX fuselages, where Boeing knew quality failures were pervasive.

R. April 29, 2020 – First Quarter 2020 Press Release and Earnings Call

670. On April 29, 2020, Boeing released its financial results for the first quarter of 2020. In the press release announcing the earnings results, Defendant Calhoun is quoted as follows:

We are progressing toward the safe return to service of the 737 MAX, and we are driving safety, quality and operational excellence into all that we do every day.

671. On the April 29, 2020 earnings call to discuss Boeing’s first quarter 2020 results, Defendant Calhoun stated as follows during his opening remarks:

We’re continuing our work on the safe return of the MAX to service, working closely with the FAA and other global regulators. . . . [W]e’ve continued to make very solid progress, and we currently expect that the necessary regulatory approvals will be obtained in time to support resumption of 737 MAX deliveries during the third quarter.

* * *

Looking ahead, we will continue to concentrate on what is most important across Boeing. To that end, I established 6 company priorities in January. They included returning the 737 MAX safely to service and earning back trust with our stakeholders.

672. Defendant Calhoun added: “We are progressing towards the safe return to service of the 737 MAX, *and we are driving safety, quality, and operational excellence into all that we do every day.*”

673. The above statements concerning the “safe return to service” of the 737 MAX were materially false and misleading when made because: (a) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (b) Boeing continued to rely on unsafe manufacturing practices, including the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety, including with the 737 MAX aircraft; and (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, which manufactured 737 MAX fuselages, where Boeing knew quality failures were pervasive.

674. Analysts noted Defendants’ statements highlighting the prioritization of safety and quality in Boeing’s operations. For example, on April 29, 2020, Credit Suisse published a report which highlighted Defendant Calhoun’s statement in the press release that “[w]e are progressing toward the safe return to service of the 737 MAX, and we are driving safety, quality and operational excellence into all that we do every day.”

S. April 29, 2020 – First Quarter 2020 Form 10-Q

675. On April 29, 2020, Boeing filed with the SEC a Form 10-Q reporting the Company’s first quarter 2020 financial results, which incorporated risk factors disclosed in the Company’s 2019 Form 10-K that were materially false and misleading for the reasons detailed above in ¶¶635-36.

676. Appended as an exhibit to the third quarter 2020 Form 10-Q were signed certifications pursuant to SOX, in which Defendants Calhoun and Smith certified that “[t]he [10-

Q] fully complies with the requirements of Section 13(a) or 15(d) of the [Exchange Act]” and that “[t]he information contained in the [10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

T. May 12, 2020 – Interview of Defendant Calhoun on NBC’s Today Show

677. On May 12, 2020, Defendant Calhoun was interviewed on NBC’s Today Show. During the interview, Calhoun was asked about the 737 MAX and the Lion Air and Ethiopian Airlines crashes. Calhoun responded:

Let me start by just reaffirming my own confidence and our company’s confidence in the airplane itself and the safety of it. . . . [The accidents] will create significant changes inside Boeing – they already have. And those things we will use as deep incentives to improve safety every day, every week, every month for as long as we build, design, produce airplanes.

678. As the interview continued, Defendant Calhoun was asked to elaborate on Boeing’s safety-related challenges, to which Calhoun responded:

I also believe in the culture at Boeing. I believe, actually all our employees believe deeply in safety, and have we taken a magnifying glass to everything we do – everything – so that we don’t ever allow for something like that to happen in the future.

679. The above statements concerning Boeing’s purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing’s commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) “gaps” between sections of the aircraft contrary to industry standards and Boeing’s own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing

continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures”; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

U. May 29, 2020 – Boeing Letter

680. On May 29, 2020, Defendant Calhoun issued a letter to Boeing employees, available on Boeing’s website, stating: “And as a company, every one of us is expected to act with integrity, promote diversity and inclusion, and treat one another with trust and respect. ***By signing Boeing’s Code of Conduct each year we have all put our word to that...A number of channels are available for employees to raise concerns safely and without fear of retaliation***, including engaging with supervisors, a Human Resources or Ethics professional, or the hotline where people can report an incident by phone.”

681. The above statements concerning Boeing’s supposed promotion of a corporate culture that prioritized safety and encouraged employees to speak up and raise safety concerns “without fear of retaliation” were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that Boeing employees were

discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

V. July 7, 2020 – Boeing’s Values

682. On or around July 7, 2020, Boeing published its Values, which included, in pertinent part, that it would “eliminate traveled work” as a manufacturing practice:

Eliminate traveled work: Rework has a negative effect on productivity and first-time quality, so we will strive to eliminate it in all aspects of our business, from engineering design to the factory floor to the office environment. Let’s do things right the first time, every time.

683. The above statements concerning the elimination of “traveled work” were materially false and misleading when made because they were inconsistent with, and Defendants failed to disclose, the fact that the unsafe manufacturing practice of traveled work was “embedded and normalized” at Boeing, and that Boeing did not have any contemporaneous processes in place to terminate the practice of traveled work; and did not, in fact, “eliminate” the practice of traveled work, as revealed by the Alaska Airlines Incident and subsequent disclosures.

W. July 29, 2020 – Second Quarter 2020 Press Release and Earnings Call

684. On July 29, 2020, Boeing released its financial results for the second quarter of 2020. The press release announcing the earnings results stated as follows:

The company also resumed early stages of production on the 737 program with a focus on safety, quality and operational excellence. Following the lead of global regulators, Boeing made steady progress toward the safe return to service of the 737, including completion of FAA certification flight tests.

685. On the July 29, 2020 earnings call to discuss Boeing’s second quarter 2020 results, Defendant Calhoun stated as follows during his opening remarks:

In the second quarter, we completed the realignment of our engineering organization and the integration of our new Enterprise Operations Finance & Strategy group. *These moves are*

foundational steps in our effort to strengthen engineering, to elevate the company's focus on safety and quality, improve operational, factory, and supply chain performance, and streamline our processes.

* * *

*We're continuing to make steady progress towards the safe return of the 737 to service, working closely with the FAA and other global regulators. While we still have a lot of work in front of us, we're encouraged with the completion of the FAA certification flight test earlier this month and the FAA's announcement to move forward with the notice of proposed rulemaking to safely return the 737 to service. Both are important milestones in the certification process, as we collectively focus on **ensuring transparency** at all stages.*

* * *

After an approximately 4-month suspension of production operations, in May we resumed early stages of our 737 production line. *During the suspension, we implemented more than a dozen initiatives, focused on workplace safety, product quality, and they have strengthened the production system and helped optimize the build environment, allowing for more predictability and stability for future rate increases.*

686. The above statements concerning the safe return to service of the 737 MAX were materially false and misleading when made because: (a) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (b) Boeing continued to rely on unsafe manufacturing practices, including the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety, including with the 737 MAX aircraft; and (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, which manufactured 737 MAX fuselages, where Boeing knew quality failures were pervasive.

687. Defendant Smith also addressed during his opening remarks Boeing's focus on safety and quality:

We're looking critically at our organizational cost structure and how we operate. *We're reevaluating our portfolio and investments to ensure we're focused in our spend on where we see market opportunities and areas more critical to our future like safety, quality, and innovation. . . . Even as we reduce our spend, we will continue investing in areas critical to our future including safety, quality, operational excellence* and innovation in key technologies and products.

688. Before turning the earnings call over to questions from analysts, Defendant Calhoun added: *"We are and we will continue taking the right actions to navigate through this together, while maintaining focus on our priorities, living our values, and driving safety, quality, operational excellence into everything we do."*

689. The above statements concerning Boeing's purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing's commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) "gaps" between sections of the aircraft contrary to industry standards and Boeing's own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed

and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures”; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

690. During the question-and-answer segment, Defendant Smith stated as follows in response to questions about production rates:

As both Dave and I have articulated several times is we’ve spent a lot of time and effort stabilizing the 737 production facility and enhancing it. *And with a keen eye towards as we move up and move back into higher production rates, it’s going to be very smooth and methodical and we’re going to certainly have the advantage of all the hard work we put in place to drive stability and not have traveled work and just ensure that again, we have a smooth rate ramp-up* that combined with informed – being informed by our customers.

* * *

In conjunction with that will be the delivery again off the ramp, and that will really inform the production rate. But it’s a very gradual slow rate buildup to that 31. And that could adjust based on how we deliver off the ramp or any further information we gather from the customers. Again, the supply chain, we have the inventory clearly on hand as you’ve seen. And so if we could go up quicker, we’d certainly assess that . . . *But stability is going to be job one. It’s ensuring that we move up methodically and stabilized, not have traveled work, first time quality, we’ll do an assessment, then we’ll move up to the next rate.* And then again, we’ll be informed of how quickly we’re clearing the inventory off the ramp.

691. The above statements concerning “not hav[ing] traveled work,” including in connection with moving to “higher production rates,” were materially false and misleading when made because those statements were inconsistent with, and Defendants failed to disclose, that the unsafe manufacturing practice of traveled work was “embedded and normalized” at Boeing, and

that Boeing did not have any contemporaneous process in place to terminate the practice of traveled work; and did not, in fact, “eliminate” the practice of traveled work, as revealed by the Alaska Airlines Incident and subsequent disclosures.

X. July 29, 2020 – Second Quarter 2020 Form 10-Q

692. On July 29, 2020, Boeing filed with the SEC a Form 10-Q reporting the Company’s second quarter 2020 financial results, which incorporated risk factors disclosed in the Company’s 2019 Form 10-K that were materially false and misleading for the reasons detailed above in ¶¶635-36.

693. Appended as an exhibit to the second quarter 2020 Form 10-Q were signed certifications pursuant to SOX, in which Defendants Calhoun and Smith certified that “[t]he [10-Q] fully complies with the requirements of Section 13(a) or 15(d) of the [Exchange Act]” and that “[t]he information contained in the [10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

Y. October 28, 2020 – Third Quarter 2020 Press Release and Earnings Call

694. On October 28, 2020, Boeing released its financial results for the third quarter of 2020. In the press release announcing the earnings results, Defendant Calhoun is quoted as follows:

“[W]e remain confident in our long term future and are focused on sustaining critical investments in our business and the meaningful actions we are taking to strengthen our safety culture, improve transparency and rebuild trust.”

695. The press release also stated as follows:

Following the lead of global regulators, Boeing made steady progress toward the safe return to service of the 737 MAX, including rigorous certification and validation flights conducted by the U.S. Federal Aviation Administration, Transport Canada and the European Union Aviation Safety Agency.

696. The above statements concerning the “safe return to service” of the 737 MAX were materially false and misleading when made because: (a) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (b) Boeing continued to rely on unsafe manufacturing practices, including the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety, including with the 737 MAX aircraft; and (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, which manufactured 737 MAX fuselages, where Boeing knew quality failures were pervasive.

697. On the October 28, 2020 earnings call to discuss Boeing’s third quarter 2020 results, Defendant Calhoun stated as follows during his opening remarks:

As we work through these challenging times, our focus on our values and our priorities has not and will not waver. We are working tirelessly to strengthen our culture, to improve our transparency, rebuild trust, and ensure we are always delivering the highest safety and quality standard.

We continue to implement a series of meaningful changes announced 1 year ago to strengthen the safety practices and culture of our [C]ompany. As we’ve shared, we stood up our new product and services safety organization and brought together over 50,000 teammates into a single engineering organization. We’re also making significant progress on our enhanced enterprise safety management system with an initial focus on our Commercial Airplanes business. We are working to ensure our system meets the regulators’ tougher standards and reflects industry best practices as well as lessons learned from a number of independent reviews that have taken place over the past 18 months.

* * *

Working closely with the FAA and other global regulators, we’re continuing to make steady progress toward the safe return to service of our 737. . . . These are important milestones in the certification process as our global regulators progress through a

comprehensive, robust and transparent process, and we will continue to follow their lead in the steps ahead. Our assumption has not changed from last quarter. We continue to expect the necessary regulatory approvals to be obtained in time to support resumption of deliveries during the fourth quarter of this year.

698. Defendant Smith also addressed Boeing's focus on safety during his opening remarks:

We have an opportunity to significantly reduce our overall indirect spending, and *we will be closely managing this process to ensure we continue to drive the highest levels of safety and quality. Lastly, we're working diligently to accelerate operational excellence across the enterprise so that we can improve performance, enhance quality, safety, reduce rework and associated costs. . . .*

Our focus here is clear. . . . As we take these actions, *we're ensuring that every step only furthers our drive key efforts in safety, quality, and delivering on our commitments.*

699. The above statements concerning Boeing's purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing's commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) "gaps" between sections of the aircraft contrary to industry standards and Boeing's own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of

the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures”; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

Z. October 28, 2020 – Third Quarter 2020 Form 10-Q

700. On October 28, 2020, Boeing filed with the SEC a Form 10-Q reporting the Company’s third quarter 2020 financial results, which incorporated risk factors disclosed in the Company’s 2019 Form 10-K that were materially false and misleading for the reasons detailed above in ¶¶635-36.

701. Appended as an exhibit to the third quarter 2020 Form 10-Q were signed certifications pursuant to SOX, in which Defendants Calhoun and Smith certified that “[t]he [10-Q] fully complies with the requirements of Section 13(a) or 15(d) of the [Exchange Act]” and that “[t]he information contained in the [10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

AA. November 18, 2020 – Press Release Concerning the 737 MAX

702. On November 18, 2020, Boeing issued a press release titled “Boeing Responds to FAA Approval to Resume 737 MAX Operations,” in which the Company announced that the FAA had rescinded the order that halted commercial operations of the 737 Max. The press release quoted Defendant Calhoun as follows: “These events and the lessons we have learned as a result have

reshaped our company and *further focused our attention on our core values of safety, quality and integrity.*”

703. The press release also stated as follows:

... In addition to changes made to the airplane and pilot training, Boeing has taken three important steps to strengthen its focus on safety and quality.

1. **Organizational Alignment:** More than 50,000 engineers have been brought together in a single organization that includes a new Product & Services Safety unit, unifying safety responsibilities across the company.

2. **Cultural Focus:** *Engineers have been further empowered to improve safety and quality. The company is identifying, diagnosing and resolving issues with a higher level of transparency and immediacy.*

3. **Process Enhancements:** By adopting next-generation design processes, the company is enabling greater levels of first-time quality.

704. The above statements concerning Boeing’s purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing’s commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) “gaps” between sections of the aircraft contrary to industry standards and Boeing’s own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems,

where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures”; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

BB. December 4, 2020 – Credit Suisse Analyst Conference

705. On December 4, 2020, Defendant Smith presented at the Credit Suisse Global Industrials Conference. During the presentation, Defendant Smith stated as follows:

As you’ve seen, the news on the FAA lifting the 737 grounding order. . . . So this is clearly an important step representing progress.
And as we rebuild trust 1 airplane at a time, we will be laser-focused on, again, safety, quality and transparency.

706. Defendant Smith also stated: “*And I think it demonstrates our commitment to focus on quality and safety across all of our programs.*”

707. The above statements concerning Boeing’s purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing’s commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) “gaps” between sections of the aircraft

contrary to industry standards and Boeing's own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that "Boeing employees did not demonstrate knowledge of Boeing's enterprise-wide safety culture effects, nor its purpose and procedures"; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

CC. January 7, 2021 – Press Release Concerning Deferred Prosecution Agreement

708. On January 7, 2021, Boeing issued a press release titled "Boeing Reaches Agreement with Department of Justice." The press release stated as follows in relevant part:

Today, Boeing [] announced that it has entered into an agreement with the U.S. Department of Justice (DOJ), which resolves the Department's investigation into the Company relating to the evaluation of the Boeing 737 MAX airplane by the Federal Aviation Administration (FAA). As part of Boeing's resolution with DOJ, the Department has agreed to defer prosecution of the company, provided that Boeing abides by the obligations set forth in a three-year deferred prosecution agreement, after which time the charge will be dismissed.

709. The press release also quoted Defendant Calhoun as follows:

I firmly believe that entering into this resolution is the right thing for us to do—a step that appropriately acknowledges how we fell short of our values and expectations. ***This resolution is a serious reminder to all of us of how critical our obligation of transparency to regulators is,*** and the consequences that our company can face if any one of us falls short of those expectations.

710. The above statements concerning the DPA were materially false and misleading when made because they were inconsistent with, and Defendants did not disclose that, Boeing failed to comply with the terms of the DPA by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

DD. January 27, 2021 – Fourth Quarter 2020 Press Release and Earnings Call

711. On January 27, 2021, Boeing released its financial results for the fourth quarter of 2021. In the press release announcing the earnings results, it stated:

The return to service of the 737 MAX in the U.S. and several other markets was an important step, and Boeing continues to follow the lead of global regulators and support its customers. ***Since the FAA's approval to return to operations, Boeing has delivered over 40 737 MAX aircraft and five airlines have safely returned their fleets to service as of January 25, 2021,*** safely flying more than 2,700 revenue flights and approximately 5,500 flight hours.

712. The above statements concerning the safe return to flight of the 737 MAX was materially false and misleading when made because: (a) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (b) Boeing continued to rely on unsafe manufacturing practices, including the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety, including with the 737 MAX aircraft; and (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit

AeroSystems, which manufactured 737 MAX fuselages, where Boeing knew quality failures were pervasive.

713. On the January 27, 2021 earnings call to discuss Boeing's fourth quarter 2020 results, Defendant Calhoun stated as follows during his opening remarks:

Starting with the 787 program. As we've shared, we're conducting comprehensive inspections on undelivered airplanes, both in Everett and in South Carolina. Since last quarter, we've expanded the scope of those inspections, including work done at our supplier partners. Our assessment shows that none of the issues identified represent safety of flight concerns. Nevertheless, we remain committed to taking the time to ensure each airplane meets our rigorous engineering specifications. And although this work has a near-term impact for us, in terms of both schedule and cost, it is the right thing to do. And we continue to be in coordination with the FAA and our customers throughout the process.

Transparency is clear.

* * *

As we see it today, this work may take a few more weeks, but we will provide our engineers the time they need to complete that analysis. ***We are implementing changes in the production process to ensure newly built airplanes meet our specifications and do not require further inspection.***

* * *

Operational excellence is about how we work to deliver safe products and services to our customers, while continuously striving for first-time quality.

714. The above statements concerning the 787 program meeting "engineering specifications" were materially false and misleading at the time they were made because, contrary to these statements, the 787 aircraft was not manufactured or produced according to engineering specifications and industry standards, as revealed by the testimony of Sam Salehpour.

715. Defendant Calhoun also stated: ***"Following one of the most rigorous certification efforts in aviation history, we're confident in the safety of our [737 MAX] airplane."***

716. The above statement was materially false and misleading when made because Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane.

717. During the question-and-answer segment, Defendant Smith stated as follows on 737 MAX production rates:

I think on the delivery profile, certainly, we've got a delivery profile laid out in detail for the balance of the year and going into '22 and '23. *We don't see any reduction taking place there*, as Dave indicated, on the production rates that we've established not only delivering out of inventory, which, as you know, is our priority 1, *but also increasing those rates as we go forward*. So that profile continues in delivering off, like I said, the backlog but also delivering off the inventory that we've got in the ramp.

718. The above statements concerning Boeing's airplane production rate and efforts to stabilize and increase the rate of production were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that those efforts depended on practices described herein that sacrificed aircraft safety and quality in favor of production speed and profits.

EE. February 1, 2021 – Full Year 2020 Form 10-K

719. On February 1, 2021, Boeing filed with the SEC its Form 10-K reporting the Company's financial and operational results for the full year 2020 ("2020 Form 10-K").

720. Appended as an exhibit to the 2020 Form 10-K were signed certifications pursuant to SOX, in which Defendants Calhoun and Smith certified that "[t]he [10-K] fully complies with the requirements of Section 13(a) or 15(d) of the [Exchange Act]" and that "[t]he information contained in the [10-K] fairly presents, in all material respects, the financial condition and results of operations of the Company."

721. The 2020 Form 10-K included the following risk factors:

We are subject to a number of risks and uncertainties related to the 737 MAX. These risks include uncertainties regarding the timing and conditions of 737 MAX regulatory approvals, in certain non-U.S. jurisdictions, lower than planned production rates and/or delivery rates, increased considerations to customers, increased supplier costs and supply chain health, changes to the assumptions and estimates made in our financial statements regarding the 737 program, and ***potential outcomes of various 737 MAX-related legal proceedings and government investigations.***

* * *

We continue to work with certain non-U.S. civil aviation authorities to complete remaining steps toward certification and readiness for return to service worldwide. . . .

We also are fully cooperating with U.S. government investigations related to the accidents and the 737 MAX, including investigations by the Securities and Exchange Commission. In January 2021, we entered into a Deferred Prosecution Agreement with the U.S. Department of Justice that resolves the Department of Justice's previously disclosed investigation into us regarding the evaluation of the 737 MAX airplane by the FAA. We expensed \$744 in the fourth quarter of 2020 related to this agreement. Any further adverse impacts related to any such litigation or investigation could have a further material impact on our financial position, results of operations and/or cash flows.

722. The 2020 Form 10-K also included the following risk factor:

The outcome of litigation and of government inquiries and investigations involving our business is unpredictable and an adverse decision in any such matter could have a material effect on our financial position and results of operations.

We are involved in a number of litigation matters. These matters may divert financial and management resources that would otherwise be used to benefit our operations. No assurances can be given that the results of these matters will be favorable to us. An adverse resolution of any of these lawsuits, or future lawsuits, could have a material impact on our financial position and results of operations. In addition, we are subject to extensive regulation under the laws of the United States and its various states, as well as other jurisdictions in which we operate. As a result, we are sometimes subject to government inquiries and investigations of our business due, among other things, to our business relationships with the U.S. government, the heavily regulated nature of our industry, and in the

case of environmental proceedings, our current or past ownership of certain property. *Any such inquiry or investigation could potentially result in an adverse ruling against us, which could have a material impact on our financial position and results of operations.*

723. The above statements concerning Boeing's purported compliance with the requirements imposed by regulators after the 737 MAX Crashes, and noting only *potential* risks associated with related legal proceedings and government investigations were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that: (a) Boeing materially failed to comply with the FAA mandate requiring Boeing to implement an SMS, as was confirmed in 2024 by the FAA, which found that Boeing did not fully implement its SMS and that "many Boeing employees did not demonstrate knowledge of Boeing's SMS efforts, nor its purpose and procedures;" and (b) Boeing failed to comply with the terms of the DPA it entered into with the DOJ in January 2021 by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

724. The 2020 Form 10-K also included the following additional risk disclosures:

Operational challenges impacting the production system for one or more of our commercial aircraft programs could result in production delays and/or failure to meet customer demand for new aircraft, either of which would negatively impact our revenues and operating margins. Our commercial aircraft production system is extremely complex. *Operational issues, including delays or defects in supplier components, failure to meet internal performance plans, or delays or failures to achieve required regulatory approval, could result in significant out-of-sequence work and increased production costs, as well as delayed deliveries to customers, impacts to aircraft performance and/or increased warranty or fleet support costs.*

If our commercial airplanes fail to satisfy performance and reliability requirements, we could face additional costs and/or lower revenues. Developing and manufacturing commercial aircraft that meet or exceed our performance and reliability

standards, as well as those of customers and regulatory agencies, can be costly and technologically challenging. These challenges are particularly significant with newer aircraft programs. Any failure of any Boeing aircraft to satisfy performance or reliability requirements could result in disruption to our operations, higher costs and/or lower revenues.

* * *

Our ability to deliver products and services that satisfy customer requirements is heavily dependent on the performance and financial stability of our subcontractors and suppliers, as well as on the availability of raw materials and other components.

We rely on other companies including U.S. and non-U.S. subcontractors and suppliers to provide and produce raw materials, integrated components and sub-assemblies, and production commodities and to perform some of the services that we provide to our customers. *If one or more of our suppliers or subcontractors experiences financial difficulties, delivery delays or other performance problems, we may be unable to meet commitments to our customers or incur additional costs.*

725. The above statements were materially false and misleading when made because Defendants noted only that *potential* risks such as out-of-sequence work, failure to meet “reliability requirements,” and other operational challenges (including the performance and stability of suppliers and “defects” from suppliers) could have a negative impact on its business, financial condition, and results of operations—all while failing to disclose that, at the time of the statements, out-of-sequence work, operational challenges (including “defects” from Spirit, Boeing’s most important supplier), and Boeing’s failure to comply with regulatory requirements were ongoing and *presently existing* conditions that the Company was already facing.

726. Further, the 2020 Form 10-K stated as follows:

Various legal proceedings, claims and investigations related to products, contracts, employment and other matters are pending against us.

In addition, we are subject to various U.S. government inquiries and investigations from which civil, criminal or administrative

proceedings could result or have resulted in the past. Such proceedings involve or could involve claims by the government for fines, penalties, compensatory and treble damages, restitution and/or forfeitures. . . . Except as described below, we believe, based upon current information, that the outcome of any such legal proceeding, claim, or government dispute and investigation will not have a material effect on our financial position, results of operations, or cash flows. Where it is reasonably possible that we will incur losses in excess of recorded amounts in connection with any of the matters set forth below, we will disclose either the amount or range of reasonably possible losses in excess of such amounts or, where no such amount or range can be reasonably estimated, the reasons why no such estimate can be made.

Multiple legal actions have been filed against us as a result of the October 29, 2018 accident of Lion Air Flight 610 and the March 10, 2019 accident of Ethiopian Airlines Flight 302. *Further, we are subject to, and cooperating with ongoing governmental and regulatory investigations and inquiries relating to the accidents and the 737 MAX, including an investigation by the Securities and Exchange Commission, the outcome of which may be material.*

727. The above statements concerning Boeing's purported compliance with the requirements imposed by regulators after the 737 MAX Crashes were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that: (a) Boeing materially failed to comply with the FAA mandate requiring Boeing to implement a SMS, as was confirmed in 2024 by the FAA, which found that Boeing did not fully implement its SMS and that "many Boeing employees did not demonstrate knowledge of Boeing's SMS efforts, nor its purpose and procedures;" and (b) Boeing failed to comply with the terms of the DPA it entered into with the DOJ in January 2021 by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

728. In addition, the 2020 Form 10-K stated as follows with respect to employees' ability to raise safety concerns within the Company:

Safety, quality and integrity are at the core of how Boeing operates. We aspire to achieve zero workplace injuries and provide a safe, open and accountable work environment for our employees. We provide several channels for all employees to speak up, ask for guidance, and report concerns related to ethics or safety violations. We address employee concerns and take appropriate actions that uphold our Boeing values.

729. The above statements concerning Boeing's purported culture that prioritized safety and encouraged employees to raise safety concerns were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

730. The 2020 Form 10-K also provided the following information about the Deferred Prosecution Agreement:

On January 6, 2021, we entered into a Deferred Prosecution Agreement with the U.S. Department of Justice that resolves the Department of Justice's previously disclosed investigation into us regarding the evaluation of the 737 MAX airplane by the FAA. Under the terms of the Deferred Prosecution Agreement, we agreed to the filing of a criminal information charging the Company with one count of conspiracy to defraud the United States, based on the conduct of two former 737 MAX program technical pilots; the criminal information will be dismissed after three years, provided that we comply with our obligations under the agreement. . . .

The agreement also requires that we review our compliance program and undertake continuous improvement efforts with respect to it, and implement enhanced compliance reporting and internal controls mechanisms.

731. The above statements concerning the DPA were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that (a) Boeing failed to comply with the terms of the DPA by failing to properly implement a

compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

732. Finally, the 2020 Form 10-K incorporated by reference various Boeing codes of conduct, available on Boeing's website, including the Employee Code of Conduct and the Board Code of Conduct, as referenced in ¶¶637-39, which were materially false and misleading for the reasons stated in ¶640.

FF. March 5, 2021 – 2021 Proxy Statement

733. On March 5, 2021, Boeing filed a proxy statement in connection with its upcoming annual meeting of shareholders (the "2021 Proxy").

734. The 2021 Proxy began with a message from the Chairman of the Board, Lawrence Kellner. The message stated:

The Boeing Board of Directors, management team and employees are absolutely committed to strengthening our operations, culture, systems and performance. *We navigated this complex landscape by focusing on our core values of safety, quality and integrity while further strengthening our culture and fostering an inclusive environment that embraces oversight, transparency and accountability.*

735. The 2021 Proxy began with a section titled, "Commitment to Safety," which explained:

Safety is, simply put, our highest priority. We are deeply committed to strengthening our safety processes through continuous improvement, learning and innovation. In 2020, we began implementing an enterprise Safety Management System, or SMS, to support our commitment to the highest levels of safety and quality in our products and services. Under the oversight of the FAA, Boeing is embedding this best-practice framework across the enterprise and embracing its principles in the way we work. As an integrating framework for managing safety risks throughout the product and service life cycle, SMS will incorporate data from compliance, quality and safety assurance processes, including employee reporting. This will provide line of sight to risks, incidents and identified hazards in order to proactively mitigate

issues and continuously improve performance. In addition, earlier this year, we created the role of Chief Aerospace Safety Officer and appointed Mike Delaney to that position. In this role, Mr. Delaney leads the development of our integrated Global Aviation Safety program, sits on our Executive Council, and is directly accountable to the Board's Aerospace Safety Committee.

Teammates from across the enterprise are taking a proactive, unbiased and collaborative approach to all aspects of safety, quality and compliance. *Every employee is empowered and encouraged to voice safety or quality concerns, as our teammates are in the best position to see potential hazards and identify opportunities for improvement. This tone is set at the top by our Board of Directors and specifically our Aerospace Safety Committee.* Composed of independent directors with deep leadership experience in organizations where safety and quality are paramount, the Committee works to continually improve safety throughout Boeing.

736. In outlining Boeing's "Director Qualification Criteria," the 2021 Proxy stated:

"Safety. The Board is committed to safety as a core value of the Company—both with respect to the safety of our aerospace products and services and the safety of our employees in the workplace."

737. Discussing the Company's "Product Safety and Quality," the 2021 Proxy explained:

Safety is a core value at Boeing. Our first safety council was established in 1917 in an effort to drive continuous improvement, learning and innovation. *As a result, Boeing products are rigorously tested to ensure they meet or exceed all design standards and requirements.* Boeing also collaborates with industry organizations and governments throughout the world to help develop effective plans for improving aviation system safety. In 2021, we appointed Mike Delaney our first Chief Aerospace Safety Officer to build on the existing capabilities of our Product & Services Safety organization and integrate our Confident Travel Initiative, Aerospace Safety Analytics and Global Aviation Safety System. As part of his responsibilities, Mr. Delaney was appointed by the Board to serve on our Executive Council and will report regularly to the Aerospace Safety Committee and the full Board. *From commercial airplanes to military aircraft and spacecraft, our commitment and approach to safety and quality extend across our products and services.*

738. The above statements concerning Boeing's purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing's commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) "gaps" between sections of the aircraft contrary to industry standards and Boeing's own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that "Boeing employees did not demonstrate knowledge of Boeing's enterprise-wide safety culture effects, nor its purpose and procedures"; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

739. Analysts noted that the 2021 Proxy emphasized Boeing's purported focus on safety. On April 12, 2021, Bank of America issued a report analyzing the 2021 Proxy, explaining that

Boeing's proxy statements have "shifted dramatically to emphasize Boeing's renewed focus on safety, indicating to us that the company clearly wants shareholders to know its Board is again laser-focused on this. The 2021 proxy even states 'Safety is, simply put, our highest priority.'" Bank of America further compared the 2021 Proxy, which used the word "safety" 160 times, to Boeing's 2019 proxy statement (reviewing 2018), which only used that word once. Bank of America stated that "Boeing returned to a safety-focused culture in 2020," adding: "We look forward to [Boeing] ultimately re-finding its true North: regaining its engineering excellence and unrelenting focus on safety."

GG. April 20, 2021 – Boeing Annual Shareholder Meeting

740. On April 20, 2021, Boeing held its annual meeting of shareholders. Defendant Calhoun and Board Chairman Lawrence Kellner participated. At the start of the meeting, Kellner stated as follows during his opening remarks:

We are navigating this complex landscape by focusing on our core values of safety, quality and integrity, while further strengthening a culture that embraces oversight, transparency and accountability. . . . Before we begin today, I want to offer my sincere condolences to the loved ones of the passengers and crew aboard Lion Air Flight 610 and Ethiopian Airlines Flight 302. We will never forget these terrible tragedies, and the memory of those lives lost drives us every day to ensure the highest levels of safety and quality in everything we did.

* * *

I'd like to briefly highlight some of the actions the Board of Directors has taken and overseeing efforts to restore stakeholder trust and recommit to our values. *To foster the continued safety and quality of Boeing's products, the Aerospace Safety Committee is a permanent committee of the board.* As we continue working to return the 737 MAX to service around the world, *the Board is focused on listening to all our key stakeholders to ensure we continually identify and implement new opportunities to improve the safety of our airplanes. . . . I work closely with the other independent directors and our CEO to ensure effective Board*

oversight of the company's strategy, operations and culture, anchored by our shared values of safety, quality and integrity.

* * *

[Defendant Calhoun's] dedication to renewing the company's commitment to safety, quality and transparency has been critical in rebuilding regulator and customer confidence as Boeing returns the 737 MAX to service.

741. During his opening remarks, Defendant Calhoun stated:

We're supporting our suppliers who are managing their production stability in response to our own lower demand. *And we're driving operational excellence into every corner of our company so that we can create stability, enhance quality, ensure workplace safety and reduce rework.* Our recent 787 delivery pause is a demonstration of this, where we conducted comprehensive production inspections of our 787 airplanes *while focusing on driving stability in our production system so that we're positioned for the market recovery.*

* * *

Our highest priority is ensuring the safety, the security and the protection of everyone we serve. We have our leadership team's promise that nothing is more important today and nothing will be more important tomorrow. *Delivering on that promise starts with a steadfast commitment to ensuring all of our teammates operate with complete transparency and the highest integrity. Culture begins at the top, and our global leadership team is shifting more time, more attention to getting as close as possible to our day-to-day work. Together, we're fostering a culture of trust, one that encourages and recognizes transparency, accountability and integrity.*

* * *

In parallel, we are advancing our enterprise-wide safety management system that is grounded in timely data analysis and insights to enhance how we manage and improve safety every day. It will be fully embedded in every aspect of how we design, how we build, how we support all of our products and our services. And it will help transparently inform our regulators and our customers every step of the way.

And beginning in 2021, product safety, employee safety and quality metrics are incorporated into our primary executive management

and employee annual incentive structures. *This update further drives our focus on safety and quality across the enterprise at every level of the organization. A key milestone in our journey was the safe return to service of the 737 MAX . . .*

742. Later, Defendant Calhoun was asked what Boeing was doing from an engineering standpoint to address the company's "persist[ent]" problems, to which he responded:

What we get from that is the sharing of best practices or reinforcement of disciplines at every step in the organization, *a prioritization of any and all data that has any implication with respect to safety. We've devised and built a safety management system on the back of a former system that was quite robust, but now includes new forms of data; data from ground operations, data from customers, data for regulators, and of course, data broadly across our production system. We will respond to any of the data that suggest that we can build a safer airplane or operate a more dependable airplane with our customers.*

743. The above statements concerning Boeing's purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing's commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) "gaps" between sections of the aircraft contrary to industry standards and Boeing's own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features

of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures”; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

HH. April 28, 2021 – First Quarter 2021 Press Release and Earnings Call

744. On April 28, 2021, Boeing released its financial results for the first quarter of 2021.

Boeing’s press release announcing the earnings results stated:

Boeing is continuing to make progress on the safe return to service of the 737 MAX worldwide. In addition, we are working closely with the FAA and our customers to address electrical issues identified in certain locations in the flight deck of select 737 MAX airplanes. Since the FAA’s approval to return the 737 MAX to operations in November 2020, Boeing has delivered more than 85 737 MAX aircraft and 21 airlines have returned their fleets to service, safely flying more than 26,000 revenue flights totaling over 58,500 flight hours (as of April 26, 2021). ***The 737 program is currently producing at a low rate and continues to expect to gradually increase production to 31 per month in early 2022 with further gradual increases to correspond with market demand. The company will continue to assess the production rate plan as it monitors the market environment and engages in customer discussions. The company also resumed 787 deliveries in late March, following comprehensive reviews to ensure each airplane meets the company’s highest standards. During the quarter, the 787 program consolidated final assembly to Boeing South Carolina and transitioned to the previously announced production rate of 5 aircraft per month.***

745. On the April 28, 2021 earnings call to discuss Boeing’s first quarter 2021 results,

Defendant Calhoun stated as follows during his opening remarks:

[I]n the last several months, we’ve made important progress in safely returning the 737 MAX to service worldwide. Since the

FAA’s ungrounding late last year, more than 165 countries have now approved the resumption of MAX operations. We’ve delivered more – 85 737 MAX airplanes to customers, 21 airlines have returned their fleets to service, and we’ve safely flown more than 26,000 commercial flights totaling more than 58,000 flight hours.

746. The above statements concerning the safe return to service of the 737 MAX were materially false and misleading when made because: (a) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (b) Boeing continued to rely on unsafe manufacturing practices, including the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety, including with the 737 MAX aircraft; and (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, which manufactured 737 MAX fuselages, where Boeing knew quality failures were pervasive.

747. During his opening remarks, Defendant Smith stated as follows:

We’re continuing to closely examine all aspects of our operations to simplify and streamline everything we do and take billions of dollars out of our operating costs while driving our key efforts in safety, quality, and performance.

* * *

And as we take action, we’re ensuring that every step only further drives key efforts in safety, quality, and delivering on our commitments. We have a dedicated team focused on these efforts embedded in every business unit function to ensure we’re continually improving in every aspect of our operations. This is an enduring effort that our entire leadership team is committed to driving forward in the future.

748. Before turning the earnings call over to questions from analysts, Defendant Calhoun added: ***“As we face into the challenges at hand, we remain steadfast in our commitment to quality, safety, integrity, and transparency.”***

749. The above statements concerning Boeing's purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing's commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) "gaps" between sections of the aircraft contrary to industry standards and Boeing's own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that "Boeing employees did not demonstrate knowledge of Boeing's enterprise-wide safety culture effects, nor its purpose and procedures"; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

750. During the question-and-answer segment of the earnings call, Defendant Calhoun stated as follows about Boeing's production rate and bringing stability to the production process:

I'll just add my confidence that as production rates begin to return to what we would consider ultimately normal and then above, we should get more leverage than we've ever gotten simply because of all the actions that we've taken with respect to the fixed and readiness to serve costs that are out there. ***But maybe even a bigger part is the stability we will bring back to the production lines themselves. So as we move the rates up, we can do so in a stable fashion. There is enormous productivity attached to that track.***

* * *

What I will say about this is I can't make up for the production gap that we created on our own right for that entire year. I can't make up to that. And so I'm not going to try to regain that ground. I'm simply, from this point forward going to try to hold our own with respect to what I think is our rightful share. ***I will also bring the rates back in the most stable fashion I can conceivably bring them. So I will pace that. And I think that is good for Boeing, I think that is really good for shareholders.***

* * *

I'm also confident on this production stability which goes hand-in-hand with engineering. We've taken actions over this – really hard actions over the course of this year to stop things when we see an issue and get them fixed once and for all.

751. The above statements concerning Boeing's airplane production rate and efforts to stabilize and increase the rate of production were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that those efforts depended on practices described herein that sacrificed aircraft safety and quality in favor of production speed and profits.

752. Analysts again took note of Defendants' assurances about Boeing's purportedly renewed focus on safety and quality. Bank of America published a report on April 29, 2021, following Boeing's earnings conference call which noted that "CEO David Calhoun and CFO Greg Smith emphasized several times the ongoing business transformation effort" and that "[m]anagement is examining the business to simplify and streamline operations . . . while driving

the key efforts in safety, quality and performance.” The report also noted that “CEO David Calhoun commented that the company has been working to broadly align its engineering function, in part by further integrating a new safety management system.” The analyst further explained that Boeing’s appointment of a new CFO would be “an indicator of Boeing’s commitment to change and a recommitment to a culture more focused on engineering excellence as opposed to shorter term financial gains.” Defendant West was named as Boeing’s new CFO shortly thereafter, on June 30, 2021.

II. April 28, 2021 – First Quarter 2021 Form 10-Q

753. On April 28, 2021, Boeing filed with the SEC a Form 10-Q reporting the Company’s first quarter 2021 financial results, which incorporated risk factors disclosed in the Company’s 2020 Form 10-K that were materially false and misleading for the reasons detailed above in ¶¶721-25.

754. Appended as an exhibit to the first quarter 2021 Form 10-Q were signed certifications pursuant to SOX, in which Defendants Calhoun and Smith certified that “[t]he [10-Q] fully complies with the requirements of Section 13(a) or 15(d) of the [Exchange Act]” and that “[t]he information contained in the [10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

755. The first quarter 2021 Form 10-Q stated as follows:

[W]e are fully cooperating with U.S. government investigations related to the accidents and the 737 MAX program, including an investigation by the Securities and Exchange Commission, the outcome of which may be material. . . .

756. The first quarter 2021 Form 10-Q also stated as follows:

Various legal proceedings, claims and investigations related to products, contracts, employment and other matters are pending against us.

In addition, we are subject to various U.S. government inquiries and investigations from which civil, criminal or administrative proceedings could result or have resulted in the past. Such proceedings involve or could involve claims by the government for fines, penalties, compensatory and treble damages, restitution and/or forfeitures. . . . Except as described below, we believe, based upon current information, that the outcome of any such legal proceeding, claim, or government dispute and investigation will not have a material effect on our financial position, results of operations, or cash flows. Where it is reasonably possible that we will incur losses in excess of recorded amounts in connection with any of the matters set forth below, we will disclose either the amount or range of reasonably possible losses in excess of such amounts or, where no such amount or range can be reasonably estimated, the reasons why no such estimate can be made.

Multiple legal actions have been filed against us as a result of the October 29, 2018 accident of Lion Air Flight 610 and the March 10, 2019 accident of Ethiopian Airlines Flight 302. *Further, we are subject to, and cooperating with ongoing governmental and regulatory investigations and inquiries relating to the accidents and the 737 MAX, including an investigation by the Securities and Exchange Commission, the outcome of which may be material.*

757. The above statements concerning Boeing's purported compliance with the requirements imposed by regulators after the 737 MAX Crashes were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that: (a) Boeing materially failed to comply with the FAA mandate requiring Boeing to implement a SMS, as was confirmed in 2024 by the FAA, which found that Boeing did not fully implement its SMS and that "many Boeing employees did not demonstrate knowledge of Boeing's SMS efforts, nor its purpose and procedures;" and (b) Boeing failed to comply with the terms of the DPA it entered into with the DOJ in January 2021 by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

758. The first quarter 2021 Form 10-Q also made the following statements about the Deferred Prosecution Agreement:

On January 6, 2021, we entered into a Deferred Prosecution Agreement with the U.S. Department of Justice that resolves the Department of Justice's previously disclosed investigation into us regarding the evaluation of the 737 MAX airplane by the Federal Aviation Administration. Under the terms of the Deferred Prosecution Agreement, we agreed to the filing of a criminal information charging the Company with one count of conspiracy to defraud the United States, based on the conduct of two former 737 MAX program technical pilots; the criminal information will be dismissed after three years, provided that we comply with our obligations under the agreement. . . .

The agreement also requires that we review our compliance program and undertake continuous improvement efforts with respect to it, and implement enhanced compliance reporting and internal controls mechanisms.

759. The above statements concerning the DPA were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that (a) Boeing failed to comply with the terms of the DPA by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

760. The first quarter 2021 Form 10-Q also stated as follows about the 737 MAX: “*We are focused on safely returning the 737 MAX to service for all of our customers.*”

761. The above statements concerning the safe return to service of the 737 MAX were materially false and misleading when made because: (a) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (b) Boeing continued to rely on unsafe manufacturing practices, including the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety, including with the 737 MAX aircraft; and (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit

AeroSystems, which manufactured 737 MAX fuselages, where Boeing knew quality failures were pervasive.

JJ. July 13, 2021 – Boeing Press Release

762. On July 13, 2021, Boeing filed with the SEC a Form 8-K that included as an exhibit a press release announcing as follows concerning the Company’s commercial airplane business, including the 737 MAX.

We continue the work to deliver on our commitments to our commercial, defense, space and services customers, while positioning our business for a stable and strong recovery from the pandemic. In the second quarter, we made progress in safely returning the 737 MAX to service in more international markets and increasing the pace of 737 deliveries. . . *We will continue to take the necessary time to ensure Boeing airplanes meet the highest quality prior to delivery. Across the enterprise, our teams remain focused on safety and integrity as we drive stability, first-time quality and productivity in our operations.*

763. The above statements concerning Boeing’s purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing’s commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) “gaps” between sections of the aircraft contrary to industry standards and Boeing’s own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems,

where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures”; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

KK. July 26, 2021 – Boeing Press Release

764. On July 26, 2021, Boeing stated in a press release that it has published its first “Sustainability Report,” and in the article, linked to the full report. Therein, Boeing stated that ***“Boeing enforces a strict non-retaliation policy, reinforced by annual training and recurrent employee communication.”***

765. The Sustainability Report further stated that ***“retaliation against reporting parties is strictly prohibited, and appropriate action is taken against violators of anti-retaliation policies.*** Boeing also ensures that employees are aware of their federally protected whistle-blower rights, which are designed to protect employees against retaliation for reporting potential wrongdoing by a U.S government contractor or subcontractor.”

766. The above statements concerning Boeing’s purported culture that prioritized safety and encouraged employees to raise safety concerns were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

LL. July 28, 2021 – Second Quarter 2021 Press Release and Earnings Call

767. On July 28, 2021, Boeing released its financial results for the second quarter of 2021. The press release announcing the earnings results highlighted Boeing’s “[c]*ontinued progress on global safe return to service of 737 MAX*” and quoted Defendant Calhoun as follows: “*we remain committed to safety and quality.*”

768. The press release also stated as follows:

Boeing is continuing to make progress on the global safe return to service of the 737 MAX. Since the FAA’s approval to return the 737 MAX to operations in November 2020, Boeing has delivered more than 130 737 MAX aircraft and airlines have returned more than 190 previously grounded airplanes to service. 30 airlines are now operating the 737 MAX, safely flying nearly 95,000 revenue flights totaling more than 218,000 flight hours (as of July 25, 2021). The 737 program is currently producing at a rate of approximately 16 per month and continues to expect to gradually increase production to 31 per month in early 2022 with further gradual increases to correspond with market demand. The company will continue to assess the production rate plan as it monitors the market environment and engages in customer discussions. . . . [T]he 787 production rate will temporarily be lower than five per month and will gradually return to that rate.

769. On the July 28, 2021 earnings call to discuss Boeing’s second quarter 2021 results, Defendant Calhoun stated as follows during his opening remarks:

Overall, we’ve made important progress in the quarter as our *transformation actions began to take – or get traction. And we focused on improving performance and driving stability across all of our operations.* Let’s start with the 737 program where we’ve made significant headway.

* * *

175 countries have now approved the resumption of 737 MAX operations. We’ve delivered more than 130 airplanes. Our airline customers have returned more than 190 previously grounded airplanes to revenue service. 30 airlines have returned their fleets to service. *And those airlines have safely flown nearly 95,000 commercial flights, totaling more than 218,000 flight hours.*

Importantly, the fleet has an impressive schedule reliability rate of more than 99%.

* * *

We're currently producing 16 airplanes per month and continue to expect to gradually increase the rate to 31 a month in early 2022, with further gradual increases to correspond with market demand and, importantly, supply chain capacity. We will continue to assess the production rate plan as we monitor the market environment and engage in customer discussions. As we previously communicated, the timing of remaining regulatory approvals will shape our delivery plans and our production rate ramp.

* * *

Turning to our efforts to drive stability. *With every action we are driving toward engineering excellence, production system stability, and first-time quality and delivery predictability, while holding ourselves accountable to the highest standards. We're implementing comprehensive quality and productivity initiatives in our factories and strengthening our quality reviews within our supply chain. We conduct regular audits internally with suppliers to ensure adherence to approved processes and practices, ranging from production methods to documentation standards. And as part of our process, we proactively and transparently keep the FAA fully aware of our efforts.*

This enhanced rigor has helped identify areas that we can improve. And by identifying and correcting any issue at the source, while our rates are still relatively low, we can strengthen first-time quality, eliminate traveled work, and drive stability and predictability as demand returns. These efforts have played a key role in supporting a healthy and stable rate ramp on the 737 MAX, and we're applying this same approach to the 787.

* * *

We remain committed to safety, quality, transparency, and I'm confident in our path forward.

770. During his opening remarks, interim-CFO David Dohnalek stated as follows:

We expect delivery timing in the production rate ramp profile to remain dynamic given the market environment, customer discussions, and the remaining global regulatory approvals.

* * *

To close, while focusing on safety, quality, and operational excellence, our team continues to closely examine all aspects of our business, simplify and streamline everything we do, drive stability in our operations and make long-lasting change.

771. Before turning the earnings call over to questions from analysts, Defendant Calhoun added: *“As we continue to transform our business, we remain committed to quality, safety, integrity, and transparency in everything that we do and every action we take.”*

772. During the question-and-answer segment, David Dohnalek responded as follows to a question about how production rates would help improve margins:

[C]learly, we’re still in negative margin territory, although much better than we’ve been certainly in recent quarters and compared to the same quarter last year. *I think a lot there will be driven by rate. We are ramping up in the 737 MAX program at 16 per month now, moving to 31 per month at the beginning of next year. And we intend to go higher obviously driven by what we see in the market beyond early next year.* And some of that, the key enablers that we just talked about, China being one, are important in that in addition to just overall traffic trends. *So, I think for [Boeing Commercial Airplanes], it’s going to be production rate driven, in addition to getting additional traction on the business transformation efforts we’ve had cutting costs, and then of course, as Dave [Calhoun] mentioned, achieving stability especially in the 787 program as we work through our final issues there.*

773. The above statements concerning Boeing’s airplane production rate and efforts to stabilize and increase the rate of production, “while focusing on safety [and] quality,” were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that those efforts depended on practices described herein that sacrificed aircraft safety and quality in favor of production speed and profits.

774. In addition, the above statement concerning the “eliminat[ion of] traveled work” was false and misleading when made because that statement was inconsistent with, and Defendants failed to disclose, that the unsafe manufacturing practice of traveled work was “embedded and normalized” at Boeing, and that Boeing did not have any contemporaneous processes in place to

terminate the practice of traveled work; and did not, in fact, “eliminate” the practice of traveled work, as revealed by the Alaska Airlines Incident and subsequent disclosures.

775. Further, the above statements concerning Boeing’s purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing’s commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) “gaps” between sections of the aircraft contrary to industry standards and Boeing’s own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures”; and (g) Boeing employees were discouraged from raising safety

concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

MM. July 28, 2021 – Second Quarter 2021 Form 10-Q

776. On July 28, 2021, Boeing filed with the SEC a Form 10-Q reporting the Company's second quarter 2021 financial results, which incorporated risk factors disclosed in the Company's 2020 Form 10-K that were materially false and misleading for the reasons detailed above in ¶¶721-25.

777. Appended as an exhibit to the second quarter 2021 Form 10-Q were signed certifications pursuant to SOX, in which Defendant Calhoun and interim CFO David A. Dohnalek certified that "[t]he [10-Q] fully complies with the requirements of Section 13(a) or 15(d) of the [Exchange Act]" and that "[t]he information contained in the [10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company."

778. The second quarter 2021 Form 10-Q stated as follows:

[W]e are fully cooperating with U.S. government investigations related to the accidents and the 737 MAX program, including an investigation by the Securities and Exchange Commission, the outcome of which may be material.

779. The second quarter 2021 Form 10-Q also stated as follows:

Various legal proceedings, claims and investigations related to products, contracts, employment and other matters are pending against us.

In addition, we are subject to various U.S. government inquiries and investigations from which civil, criminal or administrative proceedings could result or have resulted in the past. Such proceedings involve or could involve claims by the government for fines, penalties, compensatory and treble damages, restitution and/or forfeitures. . . . Except as described below, we believe, based upon current information, that the outcome of any such legal proceeding, claim, or government dispute and investigation will not have a material effect on our financial position, results of operations, or cash flows. Where it is reasonably possible that we will incur

losses in excess of recorded amounts in connection with any of the matters set forth below, we will disclose either the amount or range of reasonably possible losses in excess of such amounts or, where no such amount or range can be reasonably estimated, the reasons why no such estimate can be made.

Multiple legal actions have been filed against us as a result of the October 29, 2018 accident of Lion Air Flight 610 and the March 10, 2019 accident of Ethiopian Airlines Flight 302. ***Further, we are subject to, and cooperating with ongoing governmental and regulatory investigations and inquiries relating to the accidents and the 737 MAX, including an investigation by the Securities and Exchange Commission, the outcome of which may be material.***

780. The above statements concerning Boeing's purported compliance with the requirements imposed by regulators after the 737 MAX Crashes were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that: (a) Boeing materially failed to comply with the FAA mandate requiring Boeing to implement a SMS, as was confirmed in 2024 by the FAA, which found that Boeing did not fully implement its SMS and that "many Boeing employees did not demonstrate knowledge of Boeing's SMS efforts, nor its purpose and procedures;" and (b) Boeing failed to comply with the terms of the DPA it entered into with the DOJ in January 2021 by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

781. The second quarter 2021 Form 10-Q also made the following statements about the Deferred Prosecution Agreement:

On January 6, 2021, we entered into a Deferred Prosecution Agreement with the U.S. Department of Justice that resolves the Department of Justice's previously disclosed investigation into us regarding the evaluation of the 737 MAX airplane by the Federal Aviation Administration. Under the terms of the Deferred Prosecution Agreement, we agreed to the filing of a criminal information charging the Company with one count of conspiracy to defraud the United States, based on the conduct of two former 737 MAX program technical pilots; the criminal information will

be dismissed after three years, provided that we comply with our obligations under the agreement.

* * *

The agreement also requires that we review our compliance program and undertake continuous improvement efforts with respect to it, and implement enhanced compliance reporting and internal controls mechanisms.

782. The above statements concerning the DPA were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that (a) Boeing failed to comply with the terms of the DPA by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

783. The second quarter 2021 Form 10-Q also stated: “*We are focused on safely returning the 737 MAX to service for all of our customers.*”

784. The above statements concerning the safe return to service of the 737 MAX were materially false and misleading when made because: (a) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (b) Boeing continued to rely on unsafe manufacturing practices, including the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety, including with the 737 MAX aircraft; and (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, which manufactured 737 MAX fuselages, where Boeing knew quality failures were pervasive.

NN. August 31, 2021 – Boeing Press Release

785. On September 1, 2021, Boeing filed with the SEC a Form 8-K that included as an exhibit a press release, dated August 31, 2021, announcing, among other things, the retirement of board member Admiral Edmund P. Giambastiani Jr. The press release stated as follows:

In 2019, Admiral Giambastiani was appointed to serve as the chair of the Board’s Committee on Airplane Policies and Procedures, which was formed to review Boeing’s company-wide policies and processes for airplane design and development. *After an intensive five-month review, the committee recommended several actions that have been implemented to strengthen Boeing’s safety practices and culture, including: creating a permanent Aerospace Safety Committee, which Admiral Giambastiani has chaired since its inception; establishing a Product and Services Safety Organization reporting to senior company leadership and the Aerospace Safety Committee; realigning Engineering teams into a unified organization under the Chief Engineer to further strengthen the Company’s engineering function; establishing a formal Design Requirements program; enhancing the company’s Continued Operation Safety Program; re-examining flight deck design and operation assumptions; and expanding the role and reach of the company’s Safety Promotion Center.*

786. The press release also stated as follows: *“Boeing’s diverse team is committed to innovating for the future and living the company’s core values of safety, quality and integrity.”*

787. The above statements concerning Boeing’s purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing’s commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) “gaps” between sections of the aircraft contrary to industry standards and Boeing’s own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing

continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures”; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

OO. October 27, 2021 – Third Quarter 2021 Press Release and Earnings Call

788. On October 27, 2021, Boeing released its financial results for the third quarter of 2021. The press release announcing the earnings results highlighted Boeing’s “[c]*ontinued progress on global safe return to service of 737 MAX.*”

789. The press release also stated:

Boeing is continuing to make progress on the global safe return to service of the 737 MAX. Since the FAA’s approval to return the 737 MAX to operations in November 2020, Boeing has delivered more than 195 737 MAX aircraft and airlines have returned more than 200 previously grounded airplanes to service. 31 airlines are now operating the 737 MAX, safely flying over 206,000 revenue flights totaling more than 500,000 flight hours (as of October 24, 2021). ***The 737 program is currently producing at a rate of 19 per month and continues to progress towards a production rate of 31 per month in early 2022, and the company is evaluating the timing of further rate increases.*** The company continues to focus 787 production resources on conducting inspections and rework and continues to engage in detailed discussions with the FAA regarding

required actions for resuming delivery. ***The current 787 production rate is approximately two airplanes per month. The company expects to continue at this rate until deliveries resume and then return to five per month over time.***

790. On the October 27, 2021 earnings call to discuss Boeing's third quarter 2021 results, Defendant Calhoun stated as follows during his opening remarks:

[O]ver 175 countries have approved the resumption of 737 MAX operations. We've delivered more than 195 airplanes, including about 1/3 of the 450 airplanes originally in inventory.

We have largely placed the airplanes that required remarketing.

Our airline customers have returned more than 200 previously grounded airplanes to revenue service. 31 airlines have returned their fleets to service, and those airlines have safely flown over 206,000 commercial flights totaling more than 500,000 flight hours. Importantly, the fleet has an impressive schedule reliability rate of more than 99%.

* * *

Given this demand during the third quarter, ***we increased our production rate to 19 airplanes per month and continued to progress toward a production rate of 31 per month in early 2022. While we continue to deliver from inventory, we are balancing the need to increase the production rate to position us to support increasing demand longer term. We're actively working to ensure the production system, including the supply chain, is stable prior to making decisions to further increase the production rate. Raw materials, logistics and labor availability will also be key watch items for future rate increases. As we previously communicated, the timing of remaining regulatory approvals will shape our near-term delivery plans and our production rate ramp beyond 31 per month.***

* * *

We're continuing our transformational efforts to create long-lasting value, which will improve our performance, help us generate positive cash flow, and create a foundation to enable us to return to healthy margins. ***While we do this, we remain committed to safety, quality, and transparency, and I'm confident in our future.***

791. During his opening remarks, Defendant West stated as follows:

In the short time I've been here, the priorities couldn't be more clear: Deliver for our customers, drive the highest levels of safety, quality and stability in all that we do, innovate for the future and generate positive, sustainable free cash flow.

* * *

Above all else, *we'll stay focused on safety, quality, stability, innovation while generating sustainable free cash flow.*

792. Before turning the earnings call over to questions from analysts, Defendant Calhoun added: *"We're making important progress. We're taking the right actions to drive stability, to drive safety and quality in everything that we do."*

793. The above statements concerning Boeing's airplane production rate and efforts to stabilize and increase the rate of production, while "driv[ing] safety and quality in everything that we do," were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that those efforts depended on practices described herein that sacrificed aircraft safety and quality in favor of production speed and profits.

794. Further, the above statements concerning Boeing's purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing's commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) "gaps" between sections of the aircraft contrary to industry standards and Boeing's own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did

not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures”; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

PP. October 27, 2021 – Third Quarter 2021 Form 10-Q

795. On October 27, 2021, Boeing filed with the SEC a Form 10-Q reporting the Company’s third quarter 2021 financial results, which incorporated risk factors disclosed in the Company’s 2020 Form 10-K that were materially false and misleading for the reasons detailed above in ¶¶721-25.

796. Appended as an exhibit to the third quarter 2021 Form 10-Q were signed certifications pursuant to SOX, in which Defendants Calhoun and West certified that “[t]he [10-Q] fully complies with the requirements of Section 13(a) or 15(d) of the [Exchange Act]” and that “[t]he information contained in the [10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

797. The third quarter 2021 Form 10-Q stated as follows:

[W]e are fully cooperating with U.S. government investigations related to the accidents and the 737 MAX program, including an

investigation by the Securities and Exchange Commission, the outcome of which may be material. . . .

798. The third quarter 2021 Form 10-Q also stated as follows:

Various legal proceedings, claims and investigations related to products, contracts, employment and other matters are pending against us.

In addition, we are subject to various U.S. government inquiries and investigations from which civil, criminal or administrative proceedings could result or have resulted in the past. Such proceedings involve or could involve claims by the government for fines, penalties, compensatory and treble damages, restitution and/or forfeitures. . . . Except as described below, we believe, based upon current information, that the outcome of any such legal proceeding, claim, or government dispute and investigation will not have a material effect on our financial position, results of operations, or cash flows. Where it is reasonably possible that we will incur losses in excess of recorded amounts in connection with any of the matters set forth below, we will disclose either the amount or range of reasonably possible losses in excess of such amounts or, where no such amount or range can be reasonably estimated, the reasons why no such estimate can be made.

Multiple legal actions have been filed against us as a result of the October 29, 2018 accident of Lion Air Flight 610 and the March 10, 2019 accident of Ethiopian Airlines Flight 302. *Further, we are subject to, and cooperating with ongoing governmental and regulatory investigations and inquiries relating to the accidents and the 737 MAX, including an investigation by the Securities and Exchange Commission, the outcome of which may be material.*

799. The above statements concerning Boeing's purported compliance with the requirements imposed by regulators after the 737 MAX Crashes were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that: (a) Boeing materially failed to comply with the FAA mandate requiring Boeing to implement a SMS, as was confirmed in 2024 by the FAA, which found that Boeing did not fully implement its SMS and that "many Boeing employees did not demonstrate knowledge of Boeing's SMS efforts, nor its purpose and procedures;" and (b) Boeing failed to comply with the terms of

the DPA it entered into with the DOJ in January 2021 by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

800. The third quarter 2021 Form 10-Q also made the following statements about the Deferred Prosecution Agreement:

On January 6, 2021, we entered into a Deferred Prosecution Agreement with the U.S. Department of Justice that resolves the Department of Justice's previously disclosed investigation into us regarding the evaluation of the 737 MAX airplane by the Federal Aviation Administration. Under the terms of the Deferred Prosecution Agreement, we agreed to the filing of a criminal information charging the Company with one count of conspiracy to defraud the United States, based on the conduct of two former 737 MAX program technical pilots; the criminal information will be dismissed after three years, provided that we comply with our obligations under the agreement.

* * *

The agreement also requires that we review our compliance program and undertake continuous improvement efforts with respect to it, and implement enhanced compliance reporting and internal controls mechanisms.

801. The above statements concerning the DPA were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that (a) Boeing failed to comply with the terms of the DPA by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

802. The third quarter 2021 Form 10-Q also stated as follows: “*We are focused on safely returning the 737 MAX to service for all of our customers.*”

803. The above statements concerning the safe return to service of the 737 MAX were materially false and misleading when made because: (a) Boeing improperly limited the scope of

the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (b) Boeing continued to rely on unsafe manufacturing practices, including the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety, including with the 737 MAX aircraft; and (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, which manufactured 737 MAX fuselages, where Boeing knew quality failures were pervasive.

804. Defendants’ statements throughout this period assured the market of Boeing’s ability to produce safe, high-quality airplanes. For example, a report from Seaport Research Partners on November 16, 2021 weighed key investor concerns—“When does the bad news end? When is the right entry point?”—and instructed investors: “Don’t stay on the sidelines.” The report explained:

[Boeing], like any engineering organization historically takes ‘lessons learned’ to heart and we think MAX and B787 issues are applied to new products like the B777-X as well as current programs. Given the internal reviews by [Boeing] engineering and by regulators, both the B737 MAX and B787s are likely to be among the safest airplanes in the sky right now. Another execution issue is certainly possible, but unlikely in our view.

QQ. January 26, 2022 – Fourth Quarter 2021 Press Release and Earnings Call

805. On January 26, 2022, Boeing released its financial results for the fourth quarter of 2021. The press release announcing the earnings results quoted Defendant Calhoun as follows:

2021 was a rebuilding year for us as we overcame hurdles and reached key milestones across our commercial, defense and services portfolios. *We increased 737 MAX production and deliveries, and safely returned the 737 MAX to service in nearly all global markets.*

806. The press release also stated as follows:

Boeing is continuing to make progress on the global safe return to service of the 737 MAX. . . . Since the FAA's approval to return the 737 MAX to operations in November 2020, over 300,000 revenue flights have been completed, and the reliability of the 737 MAX fleet remains above 99 percent (as of January 24, 2022). ***The 737 program is currently producing at a rate of 26 per month and continues to progress towards a production rate of 31 per month in early 2022. The company is evaluating the timing of further rate increases.***

807. The above statements concerning Boeing's airplane production rate and efforts to stabilize and increase the rate of production were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that those efforts depended on practices described herein that sacrificed aircraft safety and quality in favor of production speed and profits.

808. On the January 26, 2022 earnings call to discuss Boeing's fourth quarter 2021 results, Defendant Calhoun stated as follows during his opening remarks:

The MAX return to service, I'm quite proud of where we are on that. We have regulatory approval now in almost every jurisdiction in the world. You know that China, Indonesia, and Ethiopia, all delivered prior to the end of the year. We delivered 245 airplanes in '21. We've flown safely over 800,000 flight hours, 99.3% service reliability. And we've now flown more post the MAX grounding than we did pre-MAX grounding.

I'll highlight the priorities we have. I don't think any of them should surprise anybody. They may look boring with respect to words like stability, safety, quality management. But that is still our focus, and we're going to be relentless about it. This is a very important year as we begin the year and then exit the year where we can predict to customers and to all of you the deliveries of our airplanes and ensure the quality is what it needs to be, et cetera. And culturally, our team is getting closer to their work than they've ever been. We feel good about that, and we invest. We're investing heavily in the future capabilities of our company.

809. During his opening remarks, Defendant West added: “We remain focused on solidifying our business for long-term success. The lessons we’ve learned and the changes we’ve implemented in the last two years will help us to do that. *We’re driving safety, quality, stability into every corner of our operations to enable future growth, and we made solid progress against our goals over the last 3 months.*”

810. In response to a question from an analyst about how Boeing’s culture has improved, Defendant Calhoun stated:

Our culture is focused on getting as close to our work as we possibly can from the very top of the company through the engineering rank, all the way down through all the support functions that ultimately have to help mechanics on the line stay disciplined, create standard work that’s predictable, repeatable, et cetera, safety and quality systems that are reinducted in every way I can think of into every nook and cranny of the company. And that is literally what we have been working on.

811. The above statements concerning Boeing’s purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing’s commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) “gaps” between sections of the aircraft contrary to industry standards and Boeing’s own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems,

where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures”; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

RR. January 31, 2022 – Full Year 2021 Form 10-K

812. On January 31, 2022, Boeing filed with the SEC its Form 10-K reporting the Company’s financial and operational results for the full year 2021 (“2021 Form 10-K”).

813. Appended as an exhibit to the 2021 Form 10-K were signed certifications pursuant to SOX, in which Defendants Calhoun and West certified that “[t]he [10-K] fully complies with the requirements of Section 13(a) or 15(d) of the [Exchange Act]” and that “[t]he information contained in the [10-K] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

814. The 2021 Form 10-K included the following risk factors:

We remain subject to a number of risks and uncertainties related to the 737 MAX. These risks include uncertainties regarding the timing and conditions of remaining 737 MAX regulatory approvals, lower than planned production rates and/or delivery rates, additional considerations to customers, increased supplier costs and supply chain health, changes to the assumptions and estimates made in our financial statements regarding the 737 program ***and potential outcomes of 737 MAX-related legal proceedings and government investigations that remain outstanding.***

While we have received regulatory approval to return the 737 MAX to service in most jurisdictions, we continue to work with certain non-U.S. civil aviation authorities to complete remaining steps toward certification and readiness for return to service worldwide.

* * *

We also are fully cooperating with U.S. government investigations related to the accidents and the 737 MAX, including an ongoing investigation by the Securities and Exchange Commission. We also remain subject to compliance with a Deferred Prosecution Agreement with the U.S. Department of Justice relating to the Department of Justice's investigation into us regarding the evaluation of the 737 MAX airplane by the FAA. We expensed \$744 million in the fourth quarter of 2020 related to this agreement. Any further adverse impacts related to any such litigation or investigations could have a further material impact on our financial position, results of operations and/or cash flows.

815. The 2021 Form 10-K also included the following risk factor:

The outcome of litigation and of government inquiries and investigations involving our business is unpredictable and an adverse decision in any such matter could have a material effect on our financial position and results of operations.

We are involved in a number of litigation matters. These matters may divert financial and management resources that would otherwise be used to benefit our operations. No assurances can be given that the results of these matters will be favorable to us. An adverse resolution of any of these lawsuits, or future lawsuits, could have a material impact on our financial position and results of operations. In addition, we are subject to extensive regulation under the laws of the United States and its various states, as well as other jurisdictions in which we operate. As a result, we are sometimes subject to government inquiries and investigations of our business due, among other things, to our business relationships with the U.S. government, the heavily regulated nature of our industry, and in the case of environmental proceedings, our current or past ownership of certain property. *Any such inquiry or investigation could potentially result in an adverse ruling against us, which could have a material impact on our financial position, results of operations and/or cash flows.*

816. The above statements concerning Boeing's purported compliance with the requirements imposed by regulators after the 737 MAX Crashes, and noting only *potential* risks

associated with related legal proceedings and government investigations, were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that: (a) Boeing materially failed to comply with the FAA mandate requiring Boeing to implement an SMS, as was confirmed in 2024 by the FAA, which found that Boeing did not fully implement its SMS and that “many Boeing employees did not demonstrate knowledge of Boeing’s SMS efforts, nor its purpose and procedures;” and (b) Boeing failed to comply with the terms of the DPA it entered into with the DOJ in January 2021 by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

817. The 2021 Form 10-K also included the following additional risk disclosures:

Operational challenges impacting the production system for one or more of our commercial aircraft programs could result in production delays and/or failure to meet customer demand for new aircraft, either of which would negatively impact our revenues and operating margins. Our commercial aircraft production system is extremely complex. ***Operational issues, including delays or defects in supplier components, failure to meet internal performance plans, or delays or failures to achieve required regulatory approval, could result in significant out-of-sequence work and increased production costs, as well as delayed deliveries to customers, impacts to aircraft performance and/or increased warranty or fleet support costs.***

* * *

If our commercial airplanes fail to satisfy performance and reliability requirements, we could face additional costs and/or lower revenues. Developing and manufacturing commercial aircraft that meet or exceed our performance and reliability standards, as well as those of customers and regulatory agencies, can be costly and technologically challenging. These challenges are particularly significant with newer aircraft programs. Any failure of any Boeing aircraft to satisfy performance or reliability requirements could result in disruption to our operations, higher costs and/or lower revenues.

Our ability to deliver products and services that satisfy customer requirements is heavily dependent on the performance and financial stability of our subcontractors and suppliers, as well as on the availability of raw materials and other components. We rely on other companies, including U.S. and non-U.S. subcontractors and suppliers, to provide and produce raw materials, integrated components and sub-assemblies, and production commodities and to perform some of the services that we provide to our customers. ***If one or more of our suppliers or subcontractors experiences financial difficulties, delivery delays or other performance problems, we may be unable to meet commitments to our customers or incur additional costs.***

818. The above statements were materially false and misleading when made because Defendants noted only that *potential* risks such as out-of-sequence work, failure to meet “reliability requirements,” and other operational challenges (including the performance and stability of suppliers and “defects” from suppliers) could have a negative impact on its business, financial condition, and results of operations—all while failing to disclose that, at the time of the statements, out-of-sequence work, operational challenges (including “defects” from Spirit, Boeing’s most important supplier), and Boeing’s failure to comply with regulatory requirements were ongoing and *presently existing* conditions that the Company was already facing.

819. Further, the 2021 Form 10-K stated as follows:

Various legal proceedings, claims and investigations related to products, contracts, employment and other matters are pending against us.

In addition, we are subject to various U.S. government inquiries and investigations from which civil, criminal or administrative proceedings could result or have resulted in the past. Such proceedings involve or could involve claims by the government for fines, penalties, compensatory and treble damages, restitution and/or forfeitures. . . . Except as described below, we believe, based upon current information, that the outcome of any such legal proceeding, claim, or government dispute and investigation will not have a material effect on our financial position, results of operations or cash flows. Where it is reasonably possible that we will incur losses in excess of recorded amounts in connection with any of the matters set forth below, we will disclose either the amount or range

of reasonably possible losses in excess of such amounts or, where no such amount or range can be reasonably estimated, the reasons why no such estimate can be made.

Multiple legal actions have been filed against us as a result of the October 29, 2018 accident of Lion Air Flight 610 and the March 10, 2019 accident of Ethiopian Airlines Flight 302. . . . Further, ***we are subject to, and cooperating with, ongoing governmental and regulatory investigations and inquiries relating to the accidents and the 737 MAX. Among these is an ongoing investigation by the Securities and Exchange Commission, the outcome of which may be material.***

820. The above statements concerning Boeing's purported compliance with the requirements imposed by regulators after the 737 MAX Crashes were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that: (a) Boeing materially failed to comply with the FAA mandate requiring Boeing to implement a SMS, as was confirmed in 2024 by the FAA, which found that Boeing did not fully implement its SMS and that "many Boeing employees did not demonstrate knowledge of Boeing's SMS efforts, nor its purpose and procedures;" and (b) Boeing failed to comply with the terms of the DPA it entered into with the DOJ in January 2021 by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

821. In addition, the 2021 Form 10-K stated as follows with respect to employees' ability to raise safety concerns within the Company:

Safety, quality and integrity and sustainability are at the core of how Boeing operates. We aspire to achieve zero workplace injuries and provide a safe, open and accountable work environment for our employees. ***We provide several channels for all employees to speak up, ask for guidance and report concerns related to ethics or safety violations. We address employee concerns and take appropriate actions that uphold our Boeing values.***

822. The above statements concerning Boeing's purported culture that prioritized safety and encouraged employees to raise safety concerns were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

823. The 2021 Form 10-K also made the following statements about the Deferred Prosecution Agreement:

On January 6, 2021, we entered into a Deferred Prosecution Agreement with the U.S. Department of Justice that resolves the Department of Justice's previously disclosed investigation into us regarding the evaluation of the 737 MAX airplane by the Federal Aviation Administration. Under the terms of the Deferred Prosecution Agreement, we agreed to the filing of a criminal information charging the Company with one count of conspiracy to defraud the United States, based on the conduct of two former 737 MAX program technical pilots; the criminal information will be dismissed after three years, provided that we comply with our obligations under the agreement.

* * *

The agreement also requires that we review our compliance program and undertake continuous improvement efforts with respect to it, and implement enhanced compliance reporting and internal controls mechanisms.

824. The above statements concerning Boeing's purported compliance with the DPA were materially false and misleading when made because they were inconsistent with, and Defendants did not disclose, that Boeing failed to comply with the terms of the DPA it entered into with the DOJ in January 2021 by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

825. The 2021 Form 10-K incorporated by reference various Boeing codes of conduct, available on Boeing's website, including the Employee Code of Conduct and the Board Code of Conduct, as referenced in ¶¶637-39, which were materially false and misleading for the reasons stated in ¶640.

SS. March 11, 2022 – 2022 Proxy Statement

826. On March 11, 2022, Boeing filed a proxy statement in connection with the upcoming annual meeting of shareholders (the "2022 Proxy").

827. The 2022 Proxy began with a message from the Chairman of the Board, Lawrence Kellner, which stated, "2021 was an important rebuilding year as our actions to improve performance began to take hold and *we focused on our core values of safety, quality, integrity and sustainability.*" It further stated: "With every action, *we are strengthening engineering excellence and driving stability in our operations while holding ourselves accountable to the highest standards.*"

828. The first section of the 2022 Proxy outlined Boeing's "Commitment to Safety and Quality." That section stated: "*Safety and quality are the foundation of all that we do, and we continue to make significant progress in further strengthening our culture, processes and systems to ensure we always meet the highest standards.*"

829. The 2022 Proxy explained further:

We have enhanced our policies and practices in several ways as part of our effort to strengthen safety, quality and engineering excellence. For example, our Board has deepened its safety, engineering and manufacturing experience, as well as enhanced its oversight of our engineering, design, development, manufacture, production, operations, maintenance and delivery of aerospace products and services through its Aerospace Safety Committee. Operationally, we brought together more than 50,000 engineering teammates into a single, integrated global organization to increase innovation, transparency, collaboration and accountability across all engineering designs and decisions. We also

made key leadership and organizational appointments, including the appointment of our Chief Aerospace Safety Officer, as well as the establishment of our four operations councils overseeing all Boeing manufacturing, quality, supply chain and program management teams.

In addition, we are advancing our enterprise-wide Safety Management System, or SMS, and Quality Management System, or QMS, each designed to fully embed safety and quality in every aspect of how we design, build and support our products. The FAA formally accepted our SMS for the Commercial Airplanes business at the end of 2020, and in 2021 the FAA determined that the SMS meets regulatory expectations and is operating as intended.

We have also worked to foster and strengthen an inclusive workplace environment that is grounded in openness and trust and that encourages and rewards teammates for voicing concerns and sharing ideas. *We have rolled out new reporting tools and, in 2021, we launched our Seek, Speak & Listen initiative to further encourage and empower employees to share ideas with both senior management and the Board. Also in 2021, we incorporated product safety, employee safety, and quality in order to tie executive compensation to performance in these areas.*

830. In outlining Boeing’s “Director Qualification Criteria,” the 2022 Proxy included:

“Safety. The Board is committed to safety as a core value of the Company—both with respect to the safety of our aerospace products and services and the safety of our employees in the workplace.”

831. In the section titled “Aerospace Safety and Quality,” the 2022 Proxy explained:

We demonstrate an unwavering commitment to safety, quality, integrity and sustainability and instill best practices in all that we do. Our goal is to drive aerospace safety to prevent accidents, injury or loss of life with our Boeing culture and actions rooted in safety. In 2021, we appointed Michael Delaney as our first Chief Aerospace Safety Officer to build on the existing capabilities of our Product & Services Safety organization and integrate our Confident Travel Initiative, Aerospace Safety Analytics and Global Aviation Safety System. As part of his responsibilities, Mr. Delaney was appointed by the Board to serve on our Executive Council, and he reports regularly to the Aerospace Safety Committee and the full Board.

From commercial airplanes to military aircraft and spacecraft, our commitment and approach to safety and quality extend across our products and services. Boeing has strengthened its employee and product safety efforts with an enterprise SMS. Foundational to Boeing's SMS is a positive safety culture, and our employee reporting channels enable everyone to "speak up." Our teams are empowered, encouraged and even rewarded for voicing concerns, raising issues and sharing ideas to improve safety and quality. Boeing is taking comprehensive action to continuously improve quality.

832. The above statements concerning Boeing's purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices, including encouraging employees to raise safety concerns, were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing's commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) "gaps" between sections of the aircraft contrary to industry standards and Boeing's own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully

implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures”; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

TT. April 27, 2022 – First Quarter 2022 Press Release and Earnings Call

833. On April 27, 2022, Boeing released its financial results for the first quarter of 2022.

The press release announcing the earnings results quoted Defendant Calhoun as follows:

Despite the pressures on our defense and commercial development programs, we remain on track to generate positive cash flow for 2022, and we’re focused on our performance as we work through certification requirements and mature several key programs to production. *Leading with safety and quality, we’re taking the right actions to drive stability throughout our operations, deliver on our commitments to customers and position Boeing for a sustainable future.*

834. The press release also stated as follows:

Boeing has nearly completed the global safe return to service of the 737 MAX and the fleet has flown more than one million total flight hours since late 2020. *The 737 production rate continues to increase and is expected to increase to 31 airplanes per month during the second quarter.* On the 787, the company has submitted the certification plan to the FAA. Rework has been completed on the initial airplanes and the company continues to work closely with the FAA on timing of resuming deliveries. *The program is producing at a very low rate and will continue to do so until deliveries resume, with an expected gradual return to five per month over time.*

835. On the April 27, 2022 earnings call to discuss Boeing’s first quarter 2022 results,

Defendant Calhoun stated as follows during his opening remarks:

Everything we are doing is leading with safety and quality, and ultimately driving stability for our airline customers, and we believe we’re taking the right actions for the future.

* * *

As we deliver today's numbers, know that we are increasing our investment, *safety, producibility, digital transformation, autonomy and sustainable aerospace are the keynotes with respect to where those investments are going. . . . Stability and predictability, it's coming along. It will matter in the years ahead. And above all else, our culture is built around safety, built around quality. And transparency is the word of the day with respect to how we interact with our counterparties everywhere in the world.*

836. During his opening remarks, Defendant West discussed Boeing's production system and the production rate of the 737 MAX:

On the supply side we are carefully managing supply chain constraints and working through issues as they arise *to ensure the stability of our production system. . . .*

Moving on to the 37 program. *We delivered 86 37 airplanes in the quarter, including 37 in March,* a slight decrease from fourth quarter of last year, despite impacts of COVID, some supply chain delays, and typical seasonality. Given some supply chain disruption and timing of taking airplanes out of storage, deliveries, were slightly below our expectations and we ended the quarter with 320 MAX airplanes in inventory.

However, we still anticipate delivering most of these airplanes by the end of 2023. The timing and pace of deliveries to Chinese customers and supply chain stability remain key factors to our delivery profile.

We continue to make progress ramping our 737 production rate and are essentially at 31 airplanes per-month. On the 787, the company has submitted the certification plan to the FAA. Rework has been completed on the initial airplanes and the company continues to work closely with the FAA on timing of resuming deliveries. *The program is producing at a very low rate and will continue to do so until deliveries resume, with an expected gradual return to five per month over time.*

837. On the conference call, Defendant West also stated as follows with respect to safety: "*And while we do this, we're laser focused on safety, quality, and stability.* We believe these are the right actions and resource calls. And we remain confident in the strength of our business now and in the future."

838. During the question-and-answer segment of the earnings call, Defendant Calhoun discussed the production rate on the 737 MAX:

[T]he production rate that we're essentially at 31 a month. Our biggest job right now is to stabilize around that rate. The teams are working hard. They deal with supply constraints that pop-up every now and then, but we've got to be stable around 31 and then anything else is going to be a future decision that we're not prepared to take because we just want to get confidence in what's right in front of us.

839. Defendant West also addressed the 737 MAX production rate:

Believe me, the demand is there. And we delivered 37 MAXes last month – in the month of March and we're working our way towards momentum. So we feel pretty good that the trick for us is to stay focused on that production rate of 31 a month and make it stable and dependable and reliable.

840. The above statements concerning Boeing's airplane production rate and efforts to stabilize and increase the rate of production while being "laser focused on safety, quality, and stability" were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that those efforts depended on practices described herein that sacrificed aircraft safety and quality in favor of production speed and profits.

841. Further, the above statements concerning Boeing's purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing's commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) "gaps" between sections of the aircraft contrary to industry standards and Boeing's own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft

parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures”; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

842. Defendant Calhoun added: “[W]e did restructure engineering to in, effect, reinforce, build our safety management system in a different way with a different outlet, *so that people could voice concerns and call out engineering disciplines as appropriate. And it’s worked.*”

843. The above statement concerning Boeing’s supposedly successful effort to encourage employees to “voice concerns” was materially false and misleading when made because this statement was inconsistent with, and Defendants failed to disclose, that Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

UU. April 27, 2022 – First Quarter 2022 Form 10-Q

844. On April 27, 2022, Boeing filed with the SEC a Form 10-Q reporting the Company's first quarter 2022 financial results, which incorporated risk factors disclosed in the Company's 2021 Form 10-K that were materially false and misleading for the reasons detailed above in ¶¶814-18.

845. Appended as an exhibit to the first quarter 2022 Form 10-Q were signed certifications pursuant to SOX, in which Defendants Calhoun and West certified that "[t]he [10-Q] fully complies with the requirements of Section 13(a) or 15(d) of the [Exchange Act]" and that "[t]he information contained in the [10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company."

846. The first quarter 2022 Form 10-Q stated as follows:

Various legal proceedings, claims and investigations related to products, contracts, employment and other matters are pending against us.

In addition, we are subject to various U.S. government inquiries and investigations from which civil, criminal or administrative proceedings could result or have resulted in the past. Such proceedings involve or could involve claims by the government for fines, penalties, compensatory and treble damages, restitution and/or forfeitures. . . . Except as described below, we believe, based upon current information, that the outcome of any such legal proceeding, claim, or government dispute and investigation will not have a material effect on our financial position, results of operations, or cash flows. Where it is reasonably possible that we will incur losses in excess of recorded amounts in connection with any of the matters set forth below, we will disclose either the amount or range of reasonably possible losses in excess of such amounts or, where no such amount or range can be reasonably estimated, the reasons why no such estimate can be made.

* * *

[W]e are subject to, and cooperating with ongoing governmental and regulatory investigations and inquiries relating to the accidents and the 737 MAX. Among these is an ongoing

investigation by the Securities and Exchange Commission, the outcome of which may be material.

847. The above statements concerning Boeing's purported compliance with the requirements imposed by regulators after the 737 MAX Crashes were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that: (a) Boeing materially failed to comply with the FAA mandate requiring Boeing to implement a SMS, as was confirmed in 2024 by the FAA, which found that Boeing did not fully implement its SMS and that "many Boeing employees did not demonstrate knowledge of Boeing's SMS efforts, nor its purpose and procedures;" and (b) Boeing failed to comply with the terms of the DPA it entered into with the DOJ in January 2021 by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

VV. April 29, 2022 – Annual Shareholder Meeting

848. On April 29, 2022, Defendant Calhoun addressed shareholders during Boeing's Annual Shareholder Meeting. During his address, Defendant Calhoun stated:

Operationally, we are focused on leading with safety, quality, integrity and sustainability in everything that we do and engaging our stakeholders and each other with transparency and accountability.

We've embodied this approach on the 737 MAX program by following a rigorous and methodical process to safely return the 737 MAX to service, while partnering with our customers and following the lead of our regulators.

We believe we are making progress on this important program. Since the ungrounding in late 2020, a little more than a year ago . . . *The 737 MAX fleet has safely flown more than 1 million flight hours with greater than 99% schedule reliability.* . . . We have delivered more than 370 MAX airplanes, and *have steadily increased production with a focus on safety and quality.*

* * *

We vowed to never forget the Lion Air Flight 610 and Ethiopian Airlines Flight 302 accidents, and we never will. ***They will always remind us of our responsibility to ensure an unwavering focus on safety, quality, integrity and transparency in everything we do.***

I often get asked if Boeing has a safety culture. The answer is yes. It's always been yes. Safety absolutely requires culture, but it requires so much more. It requires organization. It requires a set of disciplines. It requires a systematic approach to collecting data from everywhere at all times, and to make sense out of that data so that we can improve our products. ***And it requires the humility needed to listen to and incorporate outside perspectives.***

It's more than just a desire to be safe. It's more than just a commitment to put safety ahead of operational goals.

It is a set of organizing principles that is real work. It is real engineering. It is real program management, real systems management. All of the above, and a network of participants that extends beyond traditional company boundaries.

849. Defendant Calhoun also discussed during his address the concrete steps that Boeing had taken to improve its safety culture following the 2018 and 2019 Crashes:

At Boeing, we've made profound and fundamental changes to our company at every layer and level to improve this type of safety ecosystem – and I'm proud of our progress.

* * *

The board of directors formed an Aerospace Safety Committee to increase the effectiveness of its oversight of safety in all aspects of our operations. The board has also brought on additional independent directors with deep safety, engineering, piloting and manufacturing experience.

On our Executive Council, our management executive council, we established a Chief Aerospace Safety Officer position, and a team in 2021 that aligns critical safety functions under one organization, designed to be separate from day-to-day business operations, maintaining a higher-level focus on safety and driving end-to-end accountability throughout our safety ecosystem.

We brought together more than 50,000 engineering teammates into a single, integrated organization to increase transparency, increase our collaboration and increase accountability, while strengthening engineering design practices and decision making.

And we launched our four enterprise-wide operations councils focused on enhancing quality, manufacturing, supply chain and program management for each and every program.

We are also advancing our enterprise-wide Safety Management System built on timely data, analysis and insights to embed safety in every aspect of how we design, how we build and support our products and our services. And we're driving the same focus now within our Quality Management System.

We also committed to promoting a Just Culture grounded in humility, inclusion and transparency that protects and treats people fairly and encourages the reporting of safety, quality and compliance concerns.

As part of our efforts, we have rolled out new reporting tools, launched new efforts to further enable compliant company performance and *introduced our Seek, Speak & Listen habits to foster openness and transparency in all of our employee interactions.*

We also incorporated product safety, employee safety and quality metrics into our primary annual incentive structures, further driving our focus on safety and quality across the enterprise at every level of the organization.

850. The above statements concerning Boeing's purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices, including encouraging employees to raise safety concerns, were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing's commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) "gaps" between sections of the aircraft contrary to industry standards and Boeing's own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up

production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures”; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

WW. May 24, 2022 – Boeing Safety Management System Policy

851. On or about May 24, 2022, Boeing released the SMS Policy, which was signed by Defendant Calhoun. The SMS Policy stated that Boeing’s “*Safety Management System ensures the safety, quality and compliance of our products and services for the people who entrust us with their lives when they operate, maintain and fly on our products.*”

852. The SMS Policy stated that this “requires our unyielding commitment” to the following:

- *We commit to a Safety Management System to advance our goals for safety, quality and compliance.*
- *We foster a positive safety culture that enables proactive identification and mitigation of risks in order to prevent accidents, injuries, or loss of life.*
- *We ensure all employees understand the requirement to report any safety hazard, incident, or concern.*

- *We promote a just culture that protects and treats people fairly when they openly report safety, quality and compliance concerns.*
- *We openly communicate safety actions being taken while appropriately protecting the safety of data and safety information driving those actions.*
- *We clearly define the responsibilities of all employees so that everyone understands their roles in ensuring the safety, quality and compliance of our products and services.*
- *We eliminate or mitigate potential safety, quality and compliance risks associated with our products and services which must include meeting all applicable requirements and regulations.*
- *We use actionable key performance metrics and targets that drive continuous improvement of our Safety Management System.*
- *We allocate sufficient resources (people, processes, tools and training) to supporting the safety policy.*
- *We ensure all employees understand that we all have a daily obligation to pursue safety, quality and compliance as described in this safety policy.*

853. The above statements representing that Boeing had implemented an SMS consistent with the assertions of the SMS Policy were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that Boeing had not, and was not, properly implementing SMS across the Company as required under the FAA and as confirmed by the FAA Expert Panel Report published on February 2024.

854. Further, the above statements concerning Boeing's purported culture that prioritized safety and encouraged employees to raise safety concerns were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to

disclose, that Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

XX. June 3, 2022 – Sanford C. Bernstein Strategic Decisions Conference

855. On June 3, 2022, Defendant Calhoun participated in the Sanford C. Bernstein Strategic Decisions Conference.

856. In response to the question “what do you look at to decide when do I need the next rate break” (i.e., increase in monthly aircraft production rate), such as a rate of “31 a month” 737 MAX airplanes produced, Defendant Calhoun responded:

Stability. It's -- you guys watch every monthly delivery, so do I. We have to get stability with respect to month to month to month. What does that mean? What does that imply? That means we have adequate in-process stocks to support each and every delivery, all the standard work in station, blah, blah, blah. It's lot of lean practices, et cetera. But until we get to that, you make a rate break and add another 6 and form the supply chain, et cetera. And the supply chain, they know where we intend to go. So we're as transparent as we can.

857. In the above quotation, “all the standard work in station” refers to performing work in the proper location, as opposed to traveled work.

858. The above statement concerning performing “all the standard work in station,” as opposed to relying on traveled work to achieve production “rate breaks” (i.e., increase monthly airplane production), and indicating that a production rate break would “imply” that Boeing is able to perform all work in station to support that increase in production, was materially false and misleading when made because the statement was inconsistent with, and Defendants failed to disclose, that the unsafe manufacturing practice of traveled work was “embedded and normalized” at Boeing, and that Boeing did not have any contemporaneous processes in place to terminate the practice of traveled work; and did not, in fact, “eliminate” the practice of traveled work, as revealed by the Alaska Airlines Incident and subsequent disclosures.

859. Additionally, Calhoun was asked about a potential *“inflection point, that we haven’t seen sort of any technical issues, . . . in quite some time in the MAX.”*

860. Defendant Calhoun responded:

But the transparency message isn’t just a message of let’s share everything with the outside. Let’s share everything inside. And *we created a program called Seek, Speak and Listen. It would never be good enough for a leader to not have visited something and therefore, not known something about an area that matters. job is to go find it, seek, right?*

* * *

So now you put your head down, you accumulate these. *You tell everybody it’s okay to tell us more.* It’s okay. And that went on for a better part of the year. And yes, since then, it is dried up. On the other hand, I tell everybody every day, is it over? I hope not. In other words, *I want our culture, the very question you’re asking, I want them to tell me everything. I want them to tell us everything. And if it speaks to conformity, then okay, pause, get in conformance, move forward. It matters.*

861. The above statements concerning Boeing’s supposed promotion of a corporate culture that prioritized safety and encouraged employees to speak up and raise safety concerns were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

YY. July 27, 2022 – Second Quarter 2022 Press Release and Earnings Call

862. On July 27, 2022, Boeing released its financial results for the second quarter of 2022. The press release announcing the earnings results quoted Defendant Calhoun as follows: *“We will stay focused on safety, quality and transparency, as we drive stability, improve performance, and continue to invest in our future.”*

863. The press release also stated:

Boeing has nearly completed the global safe return to service of the 737 MAX and the fleet has flown more than 1.5 million total flight hours since late 2020. The 737 production rate increased to 31 airplanes per month during the quarter. On the 787 program, the company continues to work with the FAA to finalize actions to resume deliveries and is readying airplanes for delivery. The program is producing at a very low rate and will continue to do so until deliveries resume, with an expected gradual return to five per month over time.

864. On the July 27, 2022 earnings call to discuss Boeing's second quarter 2022 results, Defendant Calhoun stated as follows during his opening remarks:

Turning to the MAX. Again, one airplane at a time, the fleet is performing incredibly well, oftentimes exceeding the specification and expectations our customers had when they originally placed their orders.

* * *

Safety, quality, transparency, these are values and this is what we remain focused on.

865. During his opening remarks, Defendant West discussed 737 MAX production stability:

We continue to focus on [737] production stability of 31 MAXs per month. And we've derisked China from our near-term delivery profile.

* * *

Moving on to the 737 program, we've delivered 189 airplanes year-to-date, below our original expectations due to 3 things: supply chain disruptions, flow time of taking airplanes out of storage, and timing of deliveries to Chinese customers. We don't anticipate making up those deliveries in the back half of the year and we'll continue to experience monthly variability including a light month in July. *We now expect deliveries to be closer to the low- 400s for 2022, short of what we discussed earlier this year, as we drive stability and predictability.*

* * *

Overall, our performance is tied to several key items: supply chain, production system, and delivery stability, [737] and [787] delivery ramp, successful execution and certification of development programs, the commercial market recovery, and the macroeconomic environment. ***While our progress depends on some factors beyond our control, we'll remain focused on our own performance and taking the right actions to drive stability and predictability and growth in the future.***

866. During the question-and-answer segment, Defendant Calhoun responded to questions about the production rate of the 737 MAX and when it might increase (from 31 to 38 per month), to which he responded:

Stability at 31 and then confidence that engine suppliers will have their castings in order and can predict steady delivery at 38. That will then initiate us to say now it's 38. I don't want to get ahead of ourselves. ***Stability for me is still job one and that's what we'll stay focused on.***

867. During that same question-and-answer segment, Defendant West also responded:

Month in and month out, we're aiming at stability around 31, some months might be a little lower, some months might be a little higher. When we look at the whole balance to go and the things we're watching, we feel comfortable in that low-400 number. And hopefully, it will be better, but that's right now what we're squaring to.

868. Defendant Calhoun also addressed the production rate of the 737 Max:

And again, the average of 31 with respect to production is a clear objective of ours. Anything short of that will be disappointing. Our real objective though is to make that a stable rate in each of the months.

869. The above statements concerning Boeing's airplane production rate and efforts to stabilize and increase the rate of production, consistent with the "values" of "[s]afety" and "quality," were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that those efforts depended on practices described herein that sacrificed aircraft safety and quality in favor of production speed and profits,

including the unsafe practice of traveled work, which Defendants had falsely stated Boeing would not rely upon to increase production rates.

ZZ. July 27, 2022 – Second Quarter 2022 Form 10-Q

870. On July 27, 2022, Boeing filed with the SEC a Form 10-Q reporting the Company's second quarter 2022 financial results, which incorporated risk factors disclosed in the Company's 2021 Form 10-K that were materially false and misleading for the reasons detailed above in ¶¶814-18.

871. Appended as an exhibit to the second quarter 2022 Form 10-Q were signed certifications pursuant to SOX, in which Defendants Calhoun and West certified that “[t]he [10-Q] fully complies with the requirements of Section 13(a) or 15(d) of the [Exchange Act]” and that “[t]he information contained in the [10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

872. The second quarter 2022 Form 10-Q stated as follows:

Various legal proceedings, claims and investigations related to products, contracts, employment and other matters are pending against us.

In addition, we are subject to various U.S. government inquiries and investigations from which civil, criminal or administrative proceedings could result or have resulted in the past. Such proceedings involve or could involve claims by the government for fines, penalties, compensatory and treble damages, restitution and/or forfeitures. . . . Except as described below, we believe, based upon current information, that the outcome of any such legal proceeding, claim, or government dispute and investigation will not have a material effect on our financial position, results of operations, or cash flows. Where it is reasonably possible that we will incur losses in excess of recorded amounts in connection with any of the matters set forth below, we will disclose either the amount or range of reasonably possible losses in excess of such amounts or, where no such amount or range can be reasonably estimated, the reasons why no such estimate can be made.

[W]e are subject to, and cooperating with ongoing governmental and regulatory investigations and inquiries relating to the accidents and the 737 MAX. Among these is an ongoing investigation by the Securities and Exchange Commission, the outcome of which may be material.

873. The above statements concerning Boeing's purported compliance with the requirements imposed by regulators after the 737 MAX Crashes were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that: (a) Boeing materially failed to comply with the FAA mandate requiring Boeing to implement a SMS, as was confirmed in 2024 by the FAA, which found that Boeing did not fully implement its SMS and that "many Boeing employees did not demonstrate knowledge of Boeing's SMS efforts, nor its purpose and procedures;" and (b) Boeing failed to comply with the terms of the DPA it entered into with the DOJ in January 2021 by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

AAA. October 26, 2022 – Third Quarter 2022 Earnings Call

874. On October 26, 2022, Boeing released its financial results for the third quarter of 2022. The press release announcing those results stated as follows:

The company also resumed 787 deliveries in late August, following comprehensive reviews to ensure each airplane meets the company's highest standards. *The program is producing at a low rate with an expected gradual return to five per month over time.*

875. During the earnings call to discuss Boeing's second quarter 2022 results, Defendant West commented on the production rates for the 737 MAX in his opening remarks:

Moving onto the 737 program, we delivered 88 airplanes in the quarter, below our previous expectations, primarily due to supply chain disruptions, which impacted factory flow time. *We continue to work towards stabilizing deliveries. However, given our deliveries to date, we now estimate about 375 737 airplanes this*

year. The monthly delivery trend is expected to remain in the low-30s into next year.

876. The above statements concerning Boeing's airplane production rate and efforts to stabilize and increase the rate of production were materially false and misleading when made because it was inconsistent with, and Defendants failed to disclose, that those efforts depended on practices described herein that sacrificed aircraft safety and quality in favor of production speed and profits, including the unsafe practice of traveled work, which Defendants had falsely stated Boeing would not rely upon to increase production rates.

877. During the same call, Defendant Calhoun stated as follows: "*We're on a turnaround. We've been on a turnaround. We've made very important progress with our regulators.*"

878. The above statement concerning Boeing's purported compliance with the requirements imposed by regulators after the 737 MAX Crashes were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that: (a) Boeing materially failed to comply with the FAA mandate requiring Boeing to implement a SMS, as was confirmed in 2024 by the FAA, which found that Boeing did not fully implement its SMS and that "many Boeing employees did not demonstrate knowledge of Boeing's SMS efforts, nor its purpose and procedures;" and (b) Boeing failed to comply with the terms of the DPA it entered into with the DOJ in January 2021 by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

BBB. October 26, 2022 – Third Quarter 2022 Form 10-Q

879. On October 26, 2022, Boeing filed with the SEC a Form 10-Q reporting the Company's third quarter 2022 financial results, which incorporated risk factors disclosed in the

Company's 2021 Form 10-K that were materially false and misleading for the reasons detailed above in ¶¶814-18.

880. Appended as an exhibit to the third quarter 2022 Form 10-Q were signed certifications pursuant to SOX, in which Defendants Calhoun and West certified that “[t]he [10-Q] fully complies with the requirements of Section 13(a) or 15(d) of the [Exchange Act]” and that “[t]he information contained in the [10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

881. The third quarter 2022 Form 10-Q stated as follows:

Various legal proceedings, claims and investigations related to products, contracts, employment and other matters are pending against us.

In addition, we are subject to various U.S. government inquiries and investigations from which civil, criminal or administrative proceedings could result or have resulted in the past. Such proceedings involve or could involve claims by the government for fines, penalties, compensatory and treble damages, restitution and/or forfeitures. . . . Except as described below, we believe, based upon current information, that the outcome of any such legal proceeding, claim, or government dispute and investigation will not have a material effect on our financial position, results of operations, or cash flows. Where it is reasonably possible that we will incur losses in excess of recorded amounts in connection with any of the matters set forth below, we will disclose either the amount or range of reasonably possible losses in excess of such amounts or, where no such amount or range can be reasonably estimated, the reasons why no such estimate can be made.

. . . . Further, we are subject to, and cooperating with ongoing governmental and regulatory investigations and inquiries relating to the accidents and the 737 MAX.

* * *

The 737 MAX 7 and MAX 10 models are also currently going through Federal Aviation Administration (FAA) certification activities. We are following the lead of the FAA as we work through the certification process, and currently expect the 737 MAX 7 to be certified in 2022 or 2023 and enter service in 2023, and the 737

MAX 10 to begin FAA certification flight testing in 2022 or 2023 and enter service in 2023 or 2024. However, Section 116 of the December 2020 Aircraft Certification, Safety and Accountability Act (ACSAA) prohibits the FAA from issuing a type certificate to aircraft after December 27, 2022 unless the aircraft's flight crew alerting system meets certain specifications. *With safety as our primary focus, we continue to work to meet all current regulatory requirements to support certification*, and are also engaged in discussions with stakeholders concerning a possible extension to the ACSAA's December 27, 2022 deadline.

882. The above statements concerning Boeing's purported compliance with the requirements imposed by regulators after the 737 MAX Crashes were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that: (a) Boeing materially failed to comply with the FAA mandate requiring Boeing to implement an SMS, as was confirmed in 2024 by the FAA, which found that Boeing did not fully implement its SMS and that "many Boeing employees did not demonstrate knowledge of Boeing's SMS efforts, nor its purpose and procedures;" and (b) Boeing failed to comply with the terms of the DPA it entered into with the DOJ in January 2021 by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

CCC. November 2, 2022 – Boeing Investor Conference

883. On November 2, 2022, Boeing held its 2022 Investor Conference, during which it held a management presentation and took questions from analysts.

884. During his opening remarks, Defendant Calhoun emphasized Boeing's focus on safety:

And then most importantly, I'll make a comment with respect to culture, and then I'll talk about it later in a different context, safety. *Safety dominates Boeing*. Anybody, anybody who thinks we don't remember those accidents, and I'm not talking about me, I'm talking about every employee in The Boeing Company. We don't remember

those, we don't remember the discussion that went around it, you're crazy.

We all remember it. And pretty much everything we've done since that day, everything that we've done. Larry and I sat at the memorial service. We went through every single name, every soul that was lost in these 2 accidents. Tears everywhere by everybody. We'll never forget it nor should we ever forget it.

And all the work we do around safety, which has been the dominant theme in our company during this whole period of time, all the work we do around safety is built around that premise. It's a testament to the industry because the industry does this. I can promise you, Boeing does it, and it's a big deal.

* * *

. . . . End of the day, always highest levels of quality and safety. I hope in light of the actions we've taken, we have given you proof points about how serious we are on safety and quality. Our willingness to pause lines. Our willingness to self-disclose the most minute nonconformances you've ever seen that required the most aggressive rework to ultimately remedy so that we can restart the delivery of our 787s. All of those issues, all of them, self-disclosed, self-examination, post MAX, our willingness to go down that path, our willingness to deal with it and not complain about the policies or how strict is strict, I think that's a testament to our determination to see through safety and quality in every way I can think of.

885. Also participating at the conference was Boeing's Chief Engineer and Executive VP of Engineering, Test & Technology, Gregory Hyslop, who stated as follows about Boeing's engineering process as it relates to safety:

Every week, we have [a] schedule – we have safety reviews in each of the business units. . . . We learn from mistakes. We review the input that comes in from our employee speak up portal.

The reviews are characterized by transparency. The FAA attends every week at the [Boeing Commercial Airplanes] safety review. And these reviews have enabled us to identify risks more quickly and get them elevated to Dave [Calhoun] and to our Board of Directors.

Dave mentioned we established our Aerospace Safety Committee of our Board. ***We created a Chief Aerospace Safety Officer position. We stood up a product and services safety organization outside of the business units housed within engineering.*** And we've also hired over 60 experienced pilots and deployed them around the world to consult with and work with our customers on any issues that might be coming up.

886. The above statements concerning Boeing's purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices, including the "employee speak up portal," were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing's commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) "gaps" between sections of the aircraft contrary to industry standards and Boeing's own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that "Boeing employees did not demonstrate knowledge of Boeing's enterprise-wide safety culture effects, nor its purpose and procedures"; and (g) Boeing employees

were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

887. The President and CEO of Boeing's Commercial Airplanes Segment, Stanley A. Deal, also participated in the conference and stated as follows regarding the stability of Boeing's production rate ramp-up:

So we already have stability in terms of commitment to work off as we turn our focus to execution, our focus on executing stable rate ramp-ups as well as working through and working with our supply chain to bring them through a disrupted world called COVID.

* * *

Last month, September or month before September, you saw a net output of 37 on the 737. This month, we were impacted again by quality. And we'll give you the early orders and deliveries numbers. We saw 23 737s. At the last moment, our quality management system caught a defect in the fuselage, 2 defects, and it delayed deliveries. We'll recover on that quickly. We can surge, and we will recover for our deliveries at the end of the year. But that adverse quality, which we have to manage out of the system, was an impact.

So we'll continue as we work forward to align and focus on stability of the rate on the 3,7 and we've rolled in the lessons we've learned of bringing the MAX from 0 to its current 31 into the 787. But stability and quality will be the key metric we manage the commercial division as we move forward through '22 and throughout the period of guidance we've given you.

* * *

At the end, I'm confident we'll be – we'll have a safe product lineup that continues to position us for decades while we continue to work the emerging technologies that will enable the next generation.

888. During the question-and-answer segment, an analyst asked about expectations for ramping up the production rate on the 737 MAX, to which Defendant Calhoun responded:

When we get to that moment where that weekly rate hits the number we think is required to get our 38 rate increase, we'll

announce at that day. It's all about demonstrated rate and performance.

889. Stanley Deal then chimed in to further address this same line of questions, stating:

So when I see that stability, we'll start posting paper. We will probably fire a third line early just to give us some capability to take those rate 38 people, get a practice on a dedicated line of airplane that may run at a much different rate than the other 2 lines. Those are the types of the things we do to build confidence.

890. Defendant Calhoun continued to point to achieving production stability as the key to ramping up production, responding to analysts' questions as follows:

Our stated objective is going to remain stability, knowing that we can deliver airplanes on time, on schedule to our customers. That will be our stated objective stability . . .

[T]hat's why we continue to refer to stability as the key to unlocking all of this value.

891. The above statements concerning Boeing's airplane production rate and efforts to stabilize and increase the rate of production of Boeing's safe product lineup" were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that those efforts depended on practices described herein that sacrificed aircraft safety and quality in favor of production speed and profits, including the unsafe practice of traveled work, which Defendants had falsely stated Boeing would not rely upon to increase production rates.

892. Boeing's Investor Day convinced investors that Boeing was stabilizing production with a focus on safety and quality. In reality, Boeing pursued unrealistic production rates at the expense of safety and quality.

893. For example, Bank of America published a November 3, 2022 report on the conference explaining that Boeing's Investor Day was a "pleasant surprise" because "[m]anagement acknowledged the challenges it has put to rest as well as the challenges that may lie ahead," and "[t]he company points out that the most acute of its challenges may be behind it."

The report further noted that “Boeing is ‘stabilizing’ production at 31 per month on its site and across the supply chain,” and that “[t]he company reiterated several times that the focus of the production team is ‘stability, quality, and flow’, not cost. By keeping an eye on those metrics, costs will ultimately come in line.”

DDD. December 22, 2022 – Boeing “Voices of Safety” Video Series

894. On December 22, 2022, Boeing published on its website and its YouTube channel a video series titled “Voices of Safety,” in which Boeing executives and employees discussed the reasons why “safety is personal to Boeing teammates.” Defendant Calhoun participated in the video series and stated as follows:

We do have an incredibly ambitious and impactful mission as a company: protect, connect, explore the world and beyond. *You can’t do any of those things without a complete and total commitment to safety. All of us have a deep sense or a deep responsibility associated with safety. Our job is to understand what that role is that we play and to make certain that we do it to the best of our abilities and that we obey every rule. Every discipline, no shortcuts, no corners cut.* Making this personal is not the toughest thing in the world. I have four children. I have three grandchildren. And they fly. And I encourage them to fly, knowing it’s the safest form of transportation. I also know I have a responsibility to keep it that way and to make it better every day. And that’s true for pretty much all of our associates. They have families. More than likely they’ve all flown. *And they understand very personally the responsibilities we have. We know how important it is. We know how critical it is. And in fact it does underwrite the mission to protect and connect and explore the world and beyond.*

895. Another video in the series featured Michelle Low, a Senior Regulatory Affairs Engineer and a Senior Program Manager at Boeing. Speaking on behalf of the Company, Michelle Low stated:

Safety is at the heart of everything that we do. So you can see that now in our improved focus on engineering excellence, in our increased focus on safety oversight, and the way we deal with regulators. We just want to be open and transparent with them when it comes to safety. We want to work with regulators hand in hand to

enhance the safety of aviation as a whole. ***We have taken many steps to improve safety across Boeing in the past few years*** because we always need to have that stretch target of zero safety accidents and incidents and that one incident is one incident too many.

896. The above statements concerning Boeing's purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing's commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) "gaps" between sections of the aircraft contrary to industry standards and Boeing's own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that "Boeing employees did not demonstrate knowledge of Boeing's enterprise-wide safety culture effects, nor its purpose and procedures"; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

EEE. January 25, 2023 – Fourth Quarter 2022 Press Release and Earnings Call

897. On January 25, 2023, Boeing released its financial results for the fourth quarter of 2022. The press release announcing the earnings results quoted Defendant Calhoun as follows: *“We are investing in our business, innovating and prioritizing safety, quality and transparency in all that we do.* While challenges remain, we are well positioned and are on the right path to restoring our operational and financial strength.”

898. The press release also stated as follows:

The 737 program is stabilizing production rate at 31 per month with plans to ramp production to approximately 50 per month in the 2025/2026 timeframe. Additionally, the 787 program continues at a low production rate with plans to ramp production to five per month in late 2023 and to 10 per month in the 2025/2026 timeframe.

899. On the January 25, 2023 earnings call to discuss Boeing’s fourth quarter 2022 results, Defendant Calhoun stated as follows during his opening remarks:

More broadly the 737 MAX team has made tremendous progress. *Fleet is performing exceptionally well. Production is stabilizing,* demand is strong. We delivered 1,000-plus 737 MAXs in total now. And since our return to service the fleet has surpassed 3 million flight hours. *It’s safe and it’s the most reliable of the airplane fleets.*

Production, we’ve all gone from 0 to 31 a month and we’re prioritizing stability which we have not yet achieved but we’re on a steady course to do so

* * *

737 MAX 7 and 10, everybody knows we got our extension approved and attached to legislation at the end of the year. . . I will also want to point out *every argument we made on behalf of that extension related to safety. The premise for our chosen course and the application that we filed was with safety first and it will always be safety first.*

900. The above statements concerning Boeing's airplane production rate and efforts to stabilize and increase the rate of production while putting "safety first" were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that those efforts depended on practices described herein that sacrificed aircraft safety and quality in favor of production speed and profits, including the unsafe practice of traveled work, which Defendants had falsely stated Boeing would not rely upon to increase production rates.

FFF. January 27, 2023 – Full Year 2022 Form 10-K

901. On January 27, 2023, Boeing filed with the SEC its Form 10-K reporting the Company's financial and operational results for the full year 2022 (the "2022 Form 10-K").

902. Appended as an exhibit to the 2022 Form 10-K were signed certifications pursuant to SOX, in which Defendants Calhoun and West certified that "[t]he [10-K] fully complies with the requirements of Section 13(a) or 15(d) of the [Exchange Act]" and that "[t]he information contained in the [10-K] fairly presents, in all material respects, the financial condition and results of operations of the Company."

903. The 2022 Form 10-K included the following risk factor:

The outcome of litigation and of government inquiries and investigations involving our business is unpredictable and an adverse decision in any such matter could have a material effect on our financial position and results of operations.

We are involved in a number of litigation matters. These matters may divert financial and management resources that would otherwise be used to benefit our operations. No assurances can be given that the results of these matters will be favorable to us. An adverse resolution of any of these lawsuits, or future lawsuits, could have a material impact on our financial position and results of operations. In addition, we are subject to extensive regulation under the laws of the United States and its various states, as well as other jurisdictions in which we operate. As a result, we are sometimes subject to government inquiries and investigations due, among other things, to our business relationships with the U.S. government, the heavily regulated nature of our industry, and in the case of

environmental proceedings, our current or past ownership of certain property. *Any such inquiry or investigation could result in an adverse ruling against us, which could have a material impact on our financial position, results of operations and/or cash flows.*

904. The above statements noting only *potential* risks associated with legal proceedings and government investigations were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that: (a) Boeing materially failed to comply with the FAA mandate requiring Boeing to implement an SMS, as was confirmed in 2024 by the FAA, which found that Boeing did not fully implement its SMS and that “many Boeing employees did not demonstrate knowledge of Boeing’s SMS efforts, nor its purpose and procedures;” and (b) Boeing failed to comply with the terms of the DPA it entered into with the DOJ in January 2021 by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

905. The 2022 Form 10-K also included the following risk factors:

Operational challenges impacting the production system for one or more of our commercial aircraft programs could result in additional production delays and/or failure to meet customer demand for new aircraft, either of which would negatively impact our revenues and operating margins. Our commercial aircraft production system is extremely complex. *Operational issues, including delays or defects in supplier components, failure to meet internal performance plans, or delays or failures to achieve required regulatory approval, could result in additional out-of-sequence work and increased production costs, as well as delayed deliveries to customers, impacts to aircraft performance and/or increased warranty or fleet support costs.*

* * *

If our commercial aircraft fail to satisfy performance and reliability requirements and/or potentially required sustainability standards, we could face additional costs and/or lower revenues. Developing and manufacturing commercial aircraft that meet or exceed our performance and reliability standards and/or potentially required sustainability standards, as well as those of customers and regulatory agencies, can be costly and

technologically challenging. These challenges are particularly significant with newer aircraft programs. Any failure of any Boeing aircraft to satisfy performance or reliability requirements could result in disruption to our operations, higher costs and/or lower revenues.

* * *

Our ability to deliver products and services that satisfy customer requirements is heavily dependent on the performance and financial stability of our subcontractors and suppliers, as well as on the availability of highly skilled labor, raw materials and other components.

We rely on other companies, including U.S. and non-U.S. subcontractors and suppliers, to provide and produce raw materials, integrated components and sub-assemblies, and production commodities and to perform some of the services that we provide to our customers. . . . *If one or more of our suppliers or subcontractors continue to experience financial difficulties, delivery delays or other performance problems, we may be unable to meet commitments to our customers and our financial position, results of operations and cash flows may continue to be adversely impacted.*

906. The above statements were materially false and misleading when made because Defendants noted only that *potential* risks such as out-of-sequence work, failure to meet “reliability requirements,” and other operational challenges (including the performance and stability of suppliers and “defects” from suppliers) could have a negative impact on its business, financial condition, and results of operations—all while failing to disclose that, at the time of the statements, out-of-sequence work, operational challenges (including “defects” from Spirit, Boeing’s most important supplier), and Boeing’s failure to comply with regulatory requirements were ongoing and *presently existing* conditions that the Company was already facing.

907. The 2022 Form 10-K also stated as follows:

Various legal proceedings, claims and investigations related to products, contracts, employment and other matters are pending against us.

In addition, we are subject to various U.S. government inquiries and investigations from which civil, criminal or administrative proceedings could result or have resulted in the past. Such proceedings involve or could involve claims by the government for fines, penalties, compensatory and treble damages, restitution and/or forfeitures. . . . Except as described below, we believe, based upon current information, that the outcome of any such legal proceeding, claim, or government dispute and investigation will not have a material effect on our financial position, results of operations or cash flows. Where it is reasonably possible that we will incur losses in excess of recorded amounts in connection with any of the matters set forth below, we will disclose either the amount or range of reasonably possible losses in excess of such amounts or, where no such amount or range can be reasonably estimated, the reasons why no such estimate can be made.

Multiple legal actions have been filed against us as a result of the October 29, 2018 accident of Lion Air Flight 610 and the March 10, 2019 accident of Ethiopian Airlines Flight 302. *During 2021, we entered into (i) a Deferred Prosecution Agreement with the U.S. Department of Justice that resolved the Department of Justice's previously disclosed investigation into us regarding the evaluation of the 737 MAX by the Federal Aviation Administration (FAA)* In September 2022, we settled a previously disclosed investigation by the Securities and Exchange Commission related to the 737 MAX accidents and consented to a civil penalty, which resulted in an earnings charge of \$200 that was paid in October 2022.

908. The above statements concerning Boeing's purported compliance with the requirements imposed by regulators after the 737 MAX Crashes were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that: (a) Boeing materially failed to comply with the FAA mandate requiring Boeing to implement a SMS, as was confirmed in 2024 by the FAA, which found that Boeing did not fully implement its SMS and that "many Boeing employees did not demonstrate knowledge of Boeing's SMS efforts, nor its purpose and procedures;" and (b) Boeing failed to comply with the terms of the DPA it entered into with the DOJ in January 2021 by failing to properly implement a

compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

909. In addition, the 2022 Form 10-K stated as follows with respect to employees' ability to raise safety concerns within the Company:

Safety, quality, integrity and sustainability are at the core of how Boeing operates. We aspire to achieve zero workplace injuries and provide a safe, open and accountable work environment for our employees. Employees are also required on an annual basis to sign the Boeing Code of Conduct to reaffirm their commitment to do their work in a compliant and ethical manner. We provide several channels for all employees to speak up, ask for guidance and report concerns related to ethics or safety violations. We address employee concerns and take appropriate actions that uphold our Boeing values.

910. The above statements concerning Boeing's purported culture that prioritized safety and encouraged employees to raise safety concerns were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

911. Finally, the 2022 Form 10-K incorporated by reference various Boeing codes of conduct, available on Boeing's website, including the Employee Code of Conduct and the Board Code of Conduct, as referenced in ¶¶637-39, which were materially false and misleading for the reasons stated in ¶640.

GGG. March 3, 2023 –2023 Proxy Statement

912. On March 3, 2023, Boeing filed a proxy statement in connection with its upcoming annual meeting of shareholders (the "2023 Proxy").

913. The 2023 Proxy began with a message from the Chairman of the Board, Lawrence W. Kellner, which stated:

In 2022, *we continued to make significant progress in ensuring that our culture, processes and systems always meet the highest standards.* Despite difficult macroeconomic factors, we are overcoming the challenges of recent years, *de-risking our business, and restoring the operational and financial strength you expect from Boeing.* For example, we achieved our goal of generating positive free cash flow in 2022, and demand remains strong as *we look to continue to improve operational performance and work to hold ourselves to the highest standards of safety, quality, and transparency. Safety remains paramount and we have taken actions across Boeing to strengthen our safety culture further and to meet our obligations to those who depend on the safety of our products.* Among other steps, we have matured our enterprise-wide Safety Management System, continued to enhance our Quality Management System, and issued our first Chief Aerospace Safety Officer Report to ensure continued transparency in our safety-related efforts.

914. In outlining Boeing’s “Director Qualification Criteria,” the 2023 Proxy stated:
“Safety. The Board is committed to safety as a core value of the Company—both with respect to the safety of our aerospace products and services and the safety of our employees in the workplace.”

915. In a section titled “Aerospace Safety and Quality,” the 2023 Proxy stated:

- *Boeing demonstrates an unwavering commitment to safety, quality, integrity and transparency and instills best practices in all that we do. Our goal is to drive aerospace safety to prevent accidents, injury or loss of life with our Boeing culture and actions rooted in safety. In 2022, we achieved a series of milestones and extended existing efforts to strengthen our safety practices and culture. We published our first Chief Aerospace Safety Officer Report, which highlighted significant actions taken on our safety journey—including strengthening our engineering function, enhancing oversight mechanisms, implementing an enhanced Safety Management System, creating a positive safety culture and collaborating with external stakeholders to improve the global aviation safety ecosystem.*
- *We continued our Speak Up program that encourages employees to voice concerns, raise issues and share ideas, and we received twice as many inputs than we did the previous year.*

* * *

- ***We deployed Safety Management System update training to more than 130,000 employees, helping them understand their roles in Boeing’s integrating framework for managing safety risks.***

Boeing is taking comprehensive action to continuously strengthen quality through its Quality Management System (QMS). The Company utilizes Advanced Product Quality Planning, a structured approach to product and process design that spans Product Engineering, Production Engineering, Quality, Supply Chain and Manufacturing, ***to help ensure that quality is designed into each of our products and controlled at every step, from concept to production.***

916. Further, the 2023 Proxy stated as follows in a section titled “Compliant and Ethical Business”:

At Boeing, we believe that safety, quality, integrity and sustainability must come first, and we are committed to putting these values above everything else as we design, build and service our products. Every year, all employees reaffirm this commitment by signing the Boeing Code of Conduct, and pledging to comply with applicable laws, regulations and company policies. As a company, we set the expectation that compliance is everyone’s responsibility.

We are working together to foster a culture of continuous improvement and enhance performance by creating an environment where employees are comfortable identifying gaps, seeking help and speaking up without fear of retaliation. In 2022, we enhanced our employee reporting capabilities, redesigned high-priority compliance trainings, and emphasized and enforced the Company’s anti-retaliation protections. The Company continued localizing risk management and compliance engagements utilizing site-specific data to identify risk and drive mitigation. As part of these efforts, we placed Site Compliance and Ethics Officers at major sites and expanded the Ethics Ambassador Program—comprised of emerging leaders within the business—to listen to employee concerns and promptly elevate issues to site leadership.

917. The above statements concerning Boeing’s purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices,

encouraging employees to raise safety concerns “without fear of retaliation,” were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing’s commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) “gaps” between sections of the aircraft contrary to industry standards and Boeing’s own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures”; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

HHH. April 2023 – Chief Aerospace Safety Officer Report

918. Boeing published its 2022 Chief Aerospace Safety Officer Report on or around April 2023. In detailing Boeing’s SMS Policy, the Chief Aerospace Safety Officer Report stated:

Boeing is implementing an enterprise-wide Safety Management System (SMS) that is grounded in a positive safety culture that encourages employees to speak up and report hazards and concerns...

SMS identifies Boeing's Chief Executive Officer as the Accountable Executive who retains the ultimate responsibility, authority and accountability for the safety of the company. Together, the Accountable Executive and Boeing's Chief Aerospace Safety Officer independently report to the Aerospace Safety Committee and the Board of Directors.

Boeing's SMS Safety Policy describes its commitment to the safety, quality and compliance of its products and services for those who operate, maintain and fly on Boeing products. It is signed by Boeing leaders, including the CEO as the SMS Accountable Executive...

Boeing's SMS evaluates data from employee reporting, as well as from the design, build and operation of its products to identify and mitigate safety risks. The Safety Management System helps the company have the right conversations with people at the appropriate levels to address risks before they become issues.

Embedding the SMS into the company's culture and processes involves training all employees on the value of an SMS, the approach to risk management and safety assurance, and the importance of a positive safety culture which is the foundation of this framework.

919. The Chief Aerospace Safety Office Report also detailed that, ***"[a]s part of the Safety Management System, the company is fostering a positive safety culture that is grounded in humility, inclusion and transparency."***

920. Additionally, the Chief Aerospace Safety Report explained:

In August 2019, Boeing implemented a confidential reporting channel called Speak up. This internal online platform provides every employee the opportunity to voice safety concerns and offer ideas for improvement. The Company celebrates employees who speak up and ensures there is protection from retaliation when concerns are raised. Since its introduction, hundreds of inquiries have been investigated and resolved. Equally important is that many Speak Up submissions have led to improved ways of working.

In May 2021, Boeing introduced Seek, Speak & Listen (SS&L) habits. *These habits are embedded in everything we do to help us create a culture of trust, care and connection by encouraging employees to seek out different perspectives, to speak up with ideas or concerns, and to listen and learn from one another.* By practicing these habits, Boeing is building stronger teams and achieving better business outcomes.

To further promote a culture of learning and transparency, Boeing is developing a digital experience for employees and stakeholders that will provide an engaging and collaborative forum for discovering and sharing safety information. This highly interactive and persona-based digital experience will include information on the company's safety journey, Safety Management System, safety assurance processes, and collaboration efforts to ensure the safety of the aerospace system.

All of these changes are an important part of the ongoing Boeing safety journey. They are making a difference in how teams work together, how the company makes decisions, how it collaborates with customers and other stakeholders, and how it achieves its commitments to improving safety, quality, integrity and transparency.

921. The above statements representing that Boeing had implemented an SMS were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that Boeing had not, and was not, properly implementing SMS across the Company as required under the FAA and as confirmed by the FAA Expert Panel Report published on February 2024.

922. Further, the above statements representing that Boeing had implemented an SMS consistent with a “positive safety culture that is grounded in humility, inclusion and transparency,” and that it had implemented a Speak Up platform to ensure that there is “protection from retaliation when concerns are raised,” were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

III. April 18, 2023 – Annual Shareholder Meeting

923. On April 18, 2023, Defendant Calhoun addressed shareholders during the Company's annual shareholder meeting, during which he reassured investors regarding the safety of Boeing's airplanes, including with respect to a quality issue with the fuselage of the 737 MAX:

We have the right team, the right products, the right services in our portfolio and the right strategy in place. *We just have to execute, and stay squarely focused every step of the way on safety, quality and transparency.*

To that end, let me start with an update on the 737. As we shared last week, our fuselage supplier notified us that a non-standard manufacturing process was used on two fittings in the aft fuselage section of certain 737 airplanes.

Once notified by our supplier, we immediately and transparently informed the FAA and focused first and foremost on making a safety determination. *This is not a safety of flight concern and the in-service fleet can continue to operate safely . . . We are not changing the supplier master schedule, including any anticipated rate increases – and we are comfortable holding buffer stock so that our supply chain can keep its pace.*

* * *

We will share more detail as we move through the process, and we don't expect this issue to change our long-term guidance for 2025 or 2026 – in that timeframe. . . . *We're working transparently and diligently through this process while prioritizing safety, quality and transparency every step of the way.*

Taking a wider, longer-term view, we're actually quite proud of the progress our team has made on the 737 MAX over the last several years.

It wasn't too long ago that the fleet was grounded, production was halted, and we had over 400 airplanes sitting in storage. *But our team stayed focused and we started to rebuild trust through transparency, and the delivery of one reliable airplane at a time.*

Today, it is a much different picture. There are currently over 1,000 737 MAX airplanes flying in the fleet. *And since returning to service, the fleet has safely flown nearly 4 million flight hours with exceptional reliability.* We've steadily ramped up production in Renton and announced plans for a fourth production line to be added

in 2024 in Everett. Last year, we delivered 387 737 airplanes, and demand continues to roar back stronger than ever predicted.

* * *

Our commitment to safety transcends all this work. Over the past three years, we made profound and fundamental changes to strengthen our Safety governance and leadership, including establishing a Chief Aerospace Safety Officer position.

In 2022, our first Chief Aerospace Safety Officer report was released and ***offered an in-depth look at meaningful changes we continue to make at Boeing*** and across our industry. Our next report will launch later in May. And, earlier this year we convened Boeing's first Aviation Safety Conference bringing together key stakeholders from across the industry.

We proactively advanced an enterprise-wide Safety Management System – or SMS - to embed safety into the way we design, build and support our products and our services. We're doing the same within our Quality Management System and are committed to transparency in all that we do.

Everyone at Boeing has an opportunity to contribute to making us a safer enterprise. We're fully committed to promoting a culture that encourages the reporting of safety, quality and compliance concerns. Our learning, our development and our knowledge-sharing programs include the latest insights on Boeing's safety journey.

Through these milestones, and many others – we have demonstrated our commitment to safety, quality and transparency with a focus on production stability and meeting our customers' expectations at delivery. As we continue on this course, sustainable financial progress will follow.

924. The above statements concerning Boeing's purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices, including minimizing the quality issue that had arisen with respect to 737 MAX fuselages, were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing's commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and

profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) “gaps” between sections of the aircraft contrary to industry standards and Boeing’s own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures”; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

925. Defendants’ statements convinced investors that Boeing’s manufacturing issues would not affect the Company’s goals to ramp production and deliveries. For example, an analyst from Jefferies noted on April 23, 2023 that Boeing “does not expect production issues to affect MAX production ramps,” explaining that “Dave Calhoun, BA CEO said at the Annual General Meeting that MAX production plans would be maintained despite the production issues with the MAX-8[.]”

JJJ. April 26, 2023 – First Quarter 2023 Press Release and Earnings Call

926. On April 26, 2023, Boeing released its financial results for the first quarter of 2023.

The press release announcing the earnings results stated as follows with respect to the 737 MAX, including a then-recent manufacturing quality deficiency at Boeing's supplier, Spirit AeroSystems:

On the 737 program, earlier this month the program's fuselage supplier notified Boeing that a non-standard manufacturing process was used on two fittings in the aft fuselage section of certain 737 airplanes. ***This is not an immediate safety of flight issue and the in-service fleet can continue operating safely.*** While near-term deliveries and production will be impacted as the program performs necessary inspections and rework, ***the program still expects to deliver 400-450 airplanes this year. On production, the supplier master schedule remains unchanged including anticipated production rate increases, which will result in higher inventory levels. The company expects final assembly production to recover in the coming months with plans to increase to 38 per month later this year and 50 per month in the 2025/2026 timeframe.***

The 787 program is producing at three per month with plans to ramp production to five per month in late 2023 and to 10 per month in the 2025/2026 timeframe.

927. On the April 26, 2023 earnings call to discuss Boeing's first quarter 2023 results, Defendant Calhoun addressed the then-recently reported issue with the 737 MAX at the top of his opening remarks, stating as follows:

Let's start with an update on our 737. Our team has been working hard over the last week. ***We've been progressing in our early inspection of affected airplanes.*** The issue is understood. ***It's isolated to two specific fittings and we know what we have to do.*** The work will impact the timing of our deliveries over the next several months. . . . As mentioned last week, we're also not changing the supplier master schedule to ensure that they can keep pace, and we're comfortable adding parts inventory.

Stepping back, we appreciate that Spirit promptly notified us of this issue. They're an important partner. We're working closely on the recovery plan and we are working in a very constructive way. ***We will continue to work transparently with the FAA as always.*** As

well, we will work transparently with our customers to support their fleet planning and scheduling requirements.

As we mentioned last week, there's no immediate safety of flight issue and *the fleet can continue to operate safely*. We will work diligently through this process together. *We will prioritize safety. We will prioritize quality and transparency every step of the way.*

* * *

On the subject of production, we are also steadily increasing rates across key programs to meet the robust demand. And we'll prioritize our stability and not push the system too fast and, yes, we will pause when we are notified of defects.

On development, we're progressing across all of our key development programs and certification timelines have not changed on the 737-7, 737-10 or the 777X.

* * *

We'll work through most recent MAX issue transparently and in partnership with our customers and our suppliers. We're focused on the long term and we'll continue to drive stability across the business and the supply chain.

928. During the question-and-answer segment, the first analyst question addressed the issue with the 737 MAX, to which Defendant Calhoun responded:

Again, no safety implications. The margins in our designs provide for significantly greater safety protection. So, anyway, I don't ever accept and I hope you don't think we might ever accept that where these things go on, but this one in particular, very, very difficult no matter how many people you put in the field or that Spirit puts out there to see.

Anyway, the good news is we've now been through the unveiling of the issue. We've been through the rework procedures both on the captured fuselages in our factory that have not yet gone through the subsequent stages. And we've already looked at finished good airplanes where we have to remove the fin in order to get at it, and these are all now defined work scopes. And now we just get more efficient in the process of doing that reworking.

* * *

I will celebrate the fact that an employee witnessed the procedure and raised his hand and said. “That doesn’t look right.” That is the only way that we would have ultimately found out about it and ***I’m encouraging everybody in our supply chain if they see something of that sort to raise their hand.***

929. On the topic of production rates, an analyst asked about the plan to increase rates through 2025, to which Defendant Calhoun stated:

Yes. Let’s start with that back-end. So we will have a plan to get to 38. ***In terms of subsequent ramps to higher numbers, let’s let that take care of itself. Let’s focus on getting to 38. And we still believe that 50 is the number in ’25, ’26.***

And in terms of the near-term, so in terms of what’s in front of us, we know barrel-by-barrel in Spirit’s factory and, obviously, know everyone in our factory in terms of what’s got to get done. If the unit is not too far into [our production cycle,] the time to take to repair one of these, it’s days.

As you have the vertical fin on an airplane, obviously, it’s more complicated, then it takes more time. But we will sort our way out. In the near term, getting back to production levels that are normal, will be months. . . . ***And as we move our way out of the short-term recovery, then we get back to an area we can start to get to the 38.*** And I think the – for us, the biggest thing is that, one, we’re calling it out; and two, we have not changed the master schedule. And that’s a big deal.

930. In response to a follow up question on production rates for the 737 MAX, Defendant West stated: ***“38 is the final assembly number. So right now, it’s at 31, movement of 38 sometime later in the year [at Renton].”***

931. The above statements concerning Boeing’s airplane production rate and efforts to stabilize and increase the rate of production, including minimizing the quality issue with the 737 MAX fuselage and assuring investors that the 737 MAX fleet could continue operating safely, were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, the pervasive safety and quality deficiencies set out herein, and that those production rate efforts depended on practices described herein that sacrificed aircraft

safety and quality in favor of production speed and profits, including the unsafe practice of traveled work, which Defendants had falsely stated Boeing would not rely upon to increase production rates. Further, the above statement concerning “encouraging everybody in our supply chain if they see something of that sort to raise their hand” was false and misleading because this statement was inconsistent with, and Defendants failed to disclose, that Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

932. Defendants successfully assured investors that the then-recent 737 MAX quality problem was a minor, isolated issue that was under control and presented no barrier to Boeing’s broader production and delivery goals. For example, an analyst from Credit Suisse wrote on April 26, 2023 that the fact that the Company reiterated its full year delivery target “helped soothe market fears regarding the impact of 737 rework.” The analyst explained: “Ultimately, we view the quarter positively, as it confirms our view that Spirit’s nonconformance impact will likely be limited, with no material impact to ‘24/25.’”

933. Similarly, an April 27, 2023 report from Bank of America analyzed Boeing’s discussion of the then-recent quality issue, and noted that the Company “maintain[ed] FY23 delivery targets as well as production ramps” and that “CEO, David Calhoun, [] encouraged employees and suppliers to take quality inspection into their own hands and, ‘say something if you see something’.” The report also noted that Boeing planned to support Spirit “with manufacturing and engineering resources, as well as cash advances in the coming months.”

KKK. April 26, 2023 – First Quarter 2023 Form 10-Q

934. On April 26, 2023, Boeing filed with the SEC a Form 10-Q reporting the Company’s first quarter 2023 financial results, which incorporated risk factors disclosed in the

Company's 2022 Form 10-K that were materially false and misleading for the reasons detailed above in ¶¶903-06.

935. Appended as an exhibit to the first quarter 2023 Form 10-Q were signed certifications pursuant to SOX, in which Defendants Calhoun and West certified that “[t]he [10-Q] fully complies with the requirements of Section 13(a) or 15(d) of the [Exchange Act]” and that “[t]he information contained in the [10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

936. The first quarter 2023 Form 10-Q stated as follows:

Various legal proceedings, claims and investigations related to products, contracts, employment and other matters are pending against us. *In addition, we are subject to various U.S. government inquiries and investigations from which civil, criminal or administrative proceedings could result or have resulted in the past. Such proceedings involve or could involve claims by the government for fines, penalties, compensatory and treble damages, restitution and/or forfeitures. . . .* Except as described below, we believe, based upon current information, that the outcome of any such legal proceeding, claim, or government dispute and investigation will not have a material effect on our financial position, results of operations or cash flows. Where it is reasonably possible that we will incur losses in excess of recorded amounts in connection with any of the matters set forth below, we will disclose either the amount or range of reasonably possible losses in excess of such amounts or, where no such amount or range can be reasonably estimated, the reasons why no such estimate can be made.

Multiple legal actions have been filed against us as a result of the October 29, 2018 accident of Lion Air Flight 610 and the March 10, 2019 accident of Ethiopian Airlines Flight 302. *In January 2021, we entered into a Deferred Prosecution Agreement with the U.S. Department of Justice that resolved the Department's investigation into matters concerning the 737 MAX. We remain subject to obligations under this three-year agreement, including reporting requirements and ongoing oversight by the Department of Justice of the Company's compliance program.*

937. The above statements concerning pending investigations and Boeing's purported compliance with the mandates of the DOJ were materially false and misleading when made

because these statements were inconsistent with, and Defendants failed to disclose, that: (a) Boeing materially failed to comply with the FAA mandate requiring Boeing to implement an SMS, as was confirmed in 2024 by the FAA, which found that Boeing did not fully implement its SMS and that “many Boeing employees did not demonstrate knowledge of Boeing’s SMS efforts, nor its purpose and procedures;” and (b) Boeing failed to comply with the terms of the DPA it entered into with the DOJ in January 2021 by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

938. The first quarter 2023 Form 10-Q also stated:

In April 2023, our fuselage supplier notified us that a non-standard manufacturing process was used on two fittings in the aft fuselage section of certain 737-7, 737-8 and 737 military derivative aircraft. This issue does not affect the 737-9 or 737-10 minor models. ***There is not an immediate safety of flight issue and the in-service fleet can continue operating safely. . . .***

939. The above statement, which minimized the quality issue with the 737 MAX fuselage and assured investors that the 737 MAX fleet could continue operating safely, was materially false and misleading when made because it was inconsistent with, and Defendants did not disclose, the severe and pervasive safety and quality deficiencies described herein.

940. Defendants’ statements throughout this period convinced investors of Boeing’s commitment to and meaningful progress on quality and safety. For example, Jefferies published a report on May 9, 2023, describing a factory tour including meetings with Defendant West, president and CEO of Boeing Commercial Airplanes Stanley A. Deal, and VP and the general manager of the 787 program Lane Ballard. The report explained:

Broader Awareness. Since the grounding of the MAX there has been an awareness and push to double check the manufacturing process. Before the grounding there was an element of getting into certain ways of working that may have deviated from processes put

into place many years ago. Last year Boeing went through the 787 and in a lot of ways it was supplier NOEs popping up as they went through the process. This points to symptoms of a strong supply chain, not a weak one. With this Boeing has put a lot more resources into the supply chain, including engineering, quality and production that has driven a change that will lead to a better and stronger supply chain. In the end Boeing still has a very experienced production system with very experienced people. If a supplier identifies an issue, they will proactively try to fix it.

941. The Jefferies analyst report further explained that at Boeing, “[k]nowledge of the supply chain is captured in a weekly Friday call with the supply chain across leadership driving a level of accountability. The Friday call focuses attention at the top of the company, talking through where Boeing is at and what they can do to help synchronize and coordinate efforts. Every supplier is on a trajectory to get better, even if there was some hope things would have happened quicker. There is an effort to focus on where the focus needs to be.” The report also described Boeing’s 737 MAX program as being “[o]n a [h]ealthy [t]rajectory.”

LLL. June 27, 2023 – Boeing Company Code of Ethical Business Conduct

942. On June 27, 2023, the Company affirmed its Board Code of Conduct, which was available on Boeing’s website. As of this time period, Defendant Calhoun was a member of the Board of Directors. In the Board Code of Conduct, Boeing stated:

Directors shall continue to promote ethical behavior and take steps to ensure that the Company continues to (1) encourage employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation; (2) encourage employees to report violations of laws, rules, regulations or the Company’s Ethical Business Conduct Guidelines to appropriate personnel; and (3) inform employees that the Company will not allow retaliation for reports made in good faith.

943. The above statements concerning Boeing’s supposed practice of encouraging employees to speak up and raise concerns without fear of retaliation were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to

disclose, that Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

MMM. July 26, 2023 – Second Quarter 2023 Earnings Call

944. On July 26, 2023, Boeing released its financial results for the second quarter of 2023. The press release announcing those results stated as follows:

The 737 program is transitioning production to 38 per month and plans to reach 50 per month in the 2025/2026 timeframe. The program still expects to deliver 400-450 airplanes this year.

The 787 program increased production to four per month with plans to ramp to five per month in late 2023 and 10 per month in the 2025/2026 timeframe. The program still expects to deliver 70-80 airplanes this year.

945. On the earnings call to discuss Boeing's second quarter 2023 results, Defendant Calhoun stated as follows during his opening remarks:

Our focus remains on execution and driving stability in the production and the supply chain and we're making steady progress.

We delivered 136 commercial airplanes in the quarter, including 103 737s and 20 787s. Given the progress through the first half of the year, *we are on the right path to reach our 737 and 787 delivery guidance for the year. And we're steadily increasing our rates on each program with focus on stability every step of the way.*

946. On the earnings call, Defendant West stated as follows during his opening remarks:

As Dave noted, we worked through a number of operational challenges so far this year. *We're making steady progress and we'll continue to focus on stability as we look to increase production on key programs.*

* * *

In regards to the Spirit fitting issue that we discussed last quarter, in May we resumed deliveries of rework airplanes and also began producing newly-built airplanes meeting our specifications. *In light of this progress, we are now transitioning production to 38 per month and still plan to increase to 50 per month in the '25, '26*

timeframe. As we move to the higher-rate, we'll continue to prioritize stability and it will take some time to consistently deliver at 38 per month off the line. We still project full-year 737 deliveries of 400 to 450 with sequential improvement in the second half.

947. During the question-and-answer segment of the earnings call, Defendant West stated as follows in response to several questions about the announced production rate increase on the 737 MAX and the timing of future increases:

We just announced going to 38 [airplanes]. That's a big important move, and there'll be subsequent rate breaks beyond that. And all of that is going to play into a margin trajectory that's going to start to look a lot more normal and by the time we get through 2024, and we're focused on that '25, '26 timeframe, as we've said, BCA margins will look a lot like they did before in that low double-digit area. So, we know what we have to go do. The levers are clear. We just got to execute.

* * *

And as it pertains to that 42 number, we're talking about 38 today and happy to talk about 38. There's a master schedule that the supply chain has and they know all those rate breaks. And we'll talk about that more specifically when we want to move to it. But there's no confusion about where the next rate breaks are. We just want to have focused on one, the 38, and then as Dave mentioned, the preparation for the entire supply chain to get to a number of 50 [deliveries] in that '25, '26 timeframe. As Dave mentioned, that's where most of the focus is. All those interim breaks, they'll be what they are. And we'll get excited to get to them, as we have stability from one point to another.

948. In response to an analyst's question about Boeing's airplane production rate, Defendant Calhoun responded:

As you suggest, *38 has to come and has to come in a stable form* so that we're not up and down every month. But maybe more important than that, we now have such good visibility into the supply chain. We know whether they're ready for the next -- for 40, 42, 44, et cetera. So I just think it's the combination of much better visibility on each of those step-ups and, yes, our own factories assembling and delivering at a steady pace. But you'll see all that just like we do.

949. The above statements concerning Boeing's airplane production rate and efforts to stabilize and increase the rate of production were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that those efforts depended on practices described herein that sacrificed aircraft safety and quality in favor of production speed and profits, including the unsafe practice of traveled work, which Defendants had falsely stated Boeing would not rely upon to increase production rates.

950. Analysts understood Defendants' statements as confirmation of Boeing's manufacturing quality, and that Boeing was prioritizing stability in achieving its production goals. For example, a July 27, 2023 report from Bank of America declared that the "[w]orst is behind Boeing," and noted: "We were pleasantly surprised by the earlier-than-expected 737 MAX delivery rate ramp increase to 38/month." The report explained: "While we, along with the broader market, maintain some reservations around execution, it appears as though the worst may [be] behind Boeing." The analyst was "encouraged by management's commentary surrounding increased visibility to the supply chain. In our view, this will help the MAX program undergo additional rate increases . . . more smoothly."

951. Morgan Stanley likewise indicated in a July 27, 2023 report: "We expect the positive momentum to continue as the company is able to realize production rate increases on its flagship program." Morgan Stanley continued, "*the market currently appears to largely be pricing in near full value to Boeing's ability to meet its 2025/2026 targets* of \$10bn in free cash flow with 737 MAX production rates of 50 per month." The report noted the "potential for Boeing's stock to sustainably break out higher" if Boeing's "**execution continues to improve** and it meets each of its milestones closer to 2025, rather than 2026."

952. Similarly, a report from Susquehanna Financial Group on July 27, 2023 explained:

While the company is still working through production hiccups and supply chain headwinds, we are encouraged by the recovery progress demonstrated by the strong deliveries in 2Q. We remain confident that Boeing will continue effectively navigating challenges in the near-term and that the company is well-positioned to take advantage of the improving commercial aerospace environment.

NNN. July 26, 2023 – Second Quarter 2023 Form 10-Q

953. On July 26, 2023, Boeing filed with the SEC a Form 10-Q reporting the Company's second quarter 2023 financial results, which incorporated risk factors disclosed in the Company's 2022 Form 10-K that were materially false and misleading for the reasons detailed above in ¶¶903-06.

954. Appended as an exhibit to the second quarter 2023 Form 10-Q were signed certifications pursuant to SOX, in which Defendants Calhoun and West certified that “[t]he [10-Q] fully complies with the requirements of Section 13(a) or 15(d) of the [Exchange Act]” and that “[t]he information contained in the [10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

955. The second quarter 2023 Form 10-Q stated as follows:

Various legal proceedings, claims and investigations related to products, contracts, employment and other matters are pending against us.

In addition, we are subject to various U.S. government inquiries and investigations from which civil, criminal or administrative proceedings could result or have resulted in the past. Such proceedings involve or could involve claims by the government for fines, penalties, compensatory and treble damages, restitution and/or forfeitures. . . . Except as described below, we believe, based upon current information, that the outcome of any such legal proceeding, claim, or government dispute and investigation will not have a material effect on our financial position, results of operations or cash flows. Where it is reasonably possible that we will incur losses in excess of recorded amounts in connection with any of the matters set forth below, we will disclose either the amount or range of reasonably possible losses in excess of such amounts or, where

no such amount or range can be reasonably estimated, the reasons why no such estimate can be made.

Multiple legal actions have been filed against us as a result of the October 29, 2018 accident of Lion Air Flight 610 and the March 10, 2019 accident of Ethiopian Airlines Flight 302. *In January 2021, we entered into a Deferred Prosecution Agreement with the U.S. Department of Justice that resolved the Department's investigation into matters concerning the 737 MAX. We remain subject to obligations under this three-year agreement, including reporting requirements and ongoing oversight by the Department of Justice of the Company's compliance program.*

956. The above statements concerning pending investigations and Boeing's purported compliance with the mandates of the DOJ were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that: (a) Boeing materially failed to comply with the FAA mandate requiring Boeing to implement an SMS, as was confirmed in 2024 by the FAA, which found that Boeing did not fully implement its SMS and that "many Boeing employees did not demonstrate knowledge of Boeing's SMS efforts, nor its purpose and procedures;" and (b) Boeing failed to comply with the terms of the DPA it entered into with the DOJ in January 2021 by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

OOO. October 25, 2023 – Third Quarter 2023 Press Release and Earnings Call

957. On October 25, 2023, Boeing released its financial results for the third quarter of 2023. The press release announcing the earnings results quoted Defendant Calhoun as follows:

*We are focused on driving stability in our supply chain and improving operational performance as we steadily increase production rates to meet strong demand. The important work we're doing to add rigor around our quality systems and build a culture of transparently bringing forward any issue, no matter the size, can bring short-term challenges – but it is how we set ourselves on the right course for our long-term future. **Leading with safety,***

quality and transparency, we will continue to restore our operational and financial strength.

958. The press release also stated as follows :

On the 737 program, during the quarter a supplier non-conformance was identified on the aft pressure bulkhead section of certain 737 airplanes. *This is not an immediate safety of flight issue and the in-service fleet can continue operating safely.* Near-term deliveries and production will be impacted as the program performs necessary inspections and rework, and the company now expects to deliver 375-400 airplanes this year. *On production, suppliers are continuing with planned rate increases, and the company expects to complete the final assembly transition to 38 per month by year-end, with plans to increase to 50 per month in the 2025/2026 timeframe. The estimated cost associated with performing the rework is immaterial and included in third quarter results.*

The 787 program is now transitioning production to five per month and plans to increase to 10 per month in the 2025/2026 timeframe. The program still expects to deliver 70-80 airplanes this year.

959. Following this press release and in advance of Boeing's earnings conference call, Deutsche Bank issued an October 25, 2023 report commenting on Boeing's Q3 2023 results. The report noted that Boeing "plans to complete the 737 production transition to 38/mo by year-end." The report then highlighted key language from Boeing's earnings press release, quoting Defendant Calhoun's statements that "[w]e are focused on driving stability in our supply chain and improving operational performance as we steadily increase production rates to meet strong demand. The important work we're doing to add rigor around our quality systems and build a culture of transpar[ency by] bringing forward any issue, no matter the size, can bring short-term challenges – but it is how we set ourselves on the right course for our long-term future. Leading with safety, quality and transparency, we will continue to restore our operational and financial strength." The analyst explained: "[w]e expect any commentary on the call related to 2024 to be key in driving shares after the open."

960. On the October 25, 2023 earnings call to discuss Boeing's third quarter 2023 results, Defendant Calhoun stated as follows during his opening remarks:

We are seeing increased stability and quality performance within our own factories, but we're working to get the supply chain caught up to the same standards. Our production system is poised for steady and efficient increases, but we won't push the system too fast, and we'll ensure the supply base is in lockstep with us.

961. The above statements concerning Boeing's airplane production rate and efforts to stabilize and increase the rate of production, including minimizing a quality issue with certain 737 airplanes and assuring investors that the 737 fleet could continue operating safely, were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, the severe and pervasive safety and quality deficiencies described herein, and that those production rate efforts depended on practices described herein that sacrificed aircraft safety and quality in favor of production speed and profits, including the unsafe practice of traveled work, which Defendants had falsely stated Boeing would not rely upon to increase production rates.

962. In response, analysts echoed Boeing's confidence. For example, a November 15, 2023 report from TD Cowen titled, "Demand Still On a Roll; Execution Turning" noted "signs that 737 production may be improving." The report explained, "with the aft pressure bulkhead disruptions abating and [Spirit AeroSystems] more closely aligned with [Boeing] under new [Spirit] CEO and ex [Boeing] exec Pat Shanahan, Boeing should be better positioned to hit its 2024 delivery targets despite continuing supply chain issues."

963. Before turning the October 25, 2023 earnings call over to questions from analysts, Defendant Calhoun added:

Over the last several years, we've added rigor around our quality processes. *We've worked hard to instill a culture of speaking up*

and transparently bringing forward any issue, no matter the size, so that we can get things right for a bright future.

As a result, we're finding items that we need to resolve. *They're not newly created defects in the system. Instead, thanks to the culture we're building, we identified items from the past that we now have the rigor and the focus to fix once and for all.* Our shadow factories will be shut down.

So this process of transparency and change can be difficult in the moment, but I'm proud of our team. I'm confident we'll look back on this time period as *when we got things right* and we set Boeing on the right course. We still have work to do, but progress is clear and our focus is long-term. We're on the right path to restoring our operational and financial strength, and we thank you for your patience.

964. The above statements concerning Boeing's supposed promotion of a corporate culture that prioritized safety and encouraged employees to speak up and raise safety concerns were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

965. During the question-and-answer segment of the earnings call, Defendant Calhoun responded as follows to a question about the production rate of the 737 MAX and the constraints on increasing that rate in light of quality issues with fuselages manufactured at Spirit AeroSystems: "I feel like we took a major step forward on relieving that particular constraint. And as you know, that is mostly a conformance constraint... *I got to tell you, these fuselages, man, they have been gone over with a microscope in light of what we've experienced here in the last 4 months.*"

966. The above statement, including minimizing quality issues at Spirit and touting Boeing's supervision of Spirit's manufacturing processes, was materially false and misleading when made because it was inconsistent with, and Defendants failed to disclose, that Boeing did

not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, which manufactured 737 MAX fuselages, where Boeing knew quality failures were pervasive.

PPP. October 25, 2023 – Third Quarter 2023 Form 10-Q

967. On October 25, 2023, Boeing filed with the SEC a Form 10-Q reporting the Company's third quarter 2023 financial results, which incorporated risk factors disclosed in the Company's 2022 Form 10-K that were materially false and misleading for the reasons detailed above in ¶¶903-06.

968. Appended as an exhibit to the third quarter 2023 Form 10-Q were signed certifications pursuant to SOX, in which Defendants Calhoun and West certified that “[t]he [10-Q] fully complies with the requirements of Section 13(a) or 15(d) of the [Exchange Act]” and that “[t]he information contained in the [10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

969. The third quarter 2023 Form 10-Q stated as follows:

Various legal proceedings, claims and investigations related to products, contracts, employment and other matters are pending against us.

In addition, we are subject to various U.S. government inquiries and investigations from which civil, criminal or administrative proceedings could result or have resulted in the past. Such proceedings involve or could involve claims by the government for fines, penalties, compensatory and treble damages, restitution and/or forfeitures. . . . Except as described below, we believe, based upon current information, that the outcome of any such legal proceeding, claim, or government dispute and investigation will not have a material effect on our financial position, results of operations or cash flows. Where it is reasonably possible that we will incur losses in excess of recorded amounts in connection with any of the matters set forth below, we will disclose either the amount or range of reasonably possible losses in excess of such amounts or, where no such amount or range can be reasonably estimated, the reasons why no such estimate can be made.

Multiple legal actions have been filed against us as a result of the October 29, 2018 accident of Lion Air Flight 610 and the March 10, 2019 accident of Ethiopian Airlines Flight 302. *In January 2021, we entered into a Deferred Prosecution Agreement with the U.S. Department of Justice that resolved the Department's investigation into matters concerning the 737 MAX. We remain subject to obligations under this three-year agreement, including reporting requirements and ongoing oversight by the Department of Justice of the Company's compliance program.*

970. The above statements concerning pending investigations and Boeing's purported compliance with the mandates of the DOJ were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that: (a) Boeing materially failed to comply with the FAA mandate requiring Boeing to implement an SMS, as was confirmed in 2024 by the FAA, which found that Boeing did not fully implement its SMS and that "many Boeing employees did not demonstrate knowledge of Boeing's SMS efforts, nor its purpose and procedures;" and (b) Boeing failed to comply with the terms of the DPA it entered into with the DOJ in January 2021 by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

QQQ. January 9, 2024 – Boeing Company-Wide Meeting

971. On January 9, 2024, Defendant Calhoun addressed employees during a Company-wide meeting, held at the 737 manufacturing facility in Renton, Washington, to discuss the Alaska Airlines Incident. As discussed above, that emergency event and its aftermath resulted in the correction of Defendants' false and misleading statements, causing losses to Boeing stockholders. Boeing continued to mislead the market, however, by emphasizing its safe manufacturing processes. The address was broadcast on Bloomberg Television. During the address, Defendant Calhoun stated:

Transparency . . . we're going to approach this, number one, acknowledging our mistake. ***We are going to approach it with 100% complete transparency every step of the way.*** . . .

[Our customers] have confidence in all of us. They do. And they will again. But we're going to have to demonstrate by our actions, our willingness to work directly and transparently with them and ***to make sure they understand that every airplane that Boeing has its name on that's in the sky is, in fact, safe. And we will see our way through that. . . . So it's gonna be a lot about transparency.***

972. The above statements concerning Boeing's purported "100% complete transparency" were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that: (a) Boeing materially failed to comply with the FAA mandate requiring Boeing to implement a SMS, as was confirmed in 2024 by the FAA, which found that Boeing did not fully implement its SMS and that "many Boeing employees did not demonstrate knowledge of Boeing's SMS efforts, nor its purpose and procedures;" and (b) Boeing failed to comply with the terms of the DPA it entered into with the DOJ in January 2021 by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

973. The above statements concerning the purported safety of "every airplane that Boeing has its name on that's in the sky" were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing's commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) "gaps" between sections of the aircraft contrary to industry standards and Boeing's own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing continued to rely on unsafe manufacturing

practices, including the inherently unsafe production practice of traveled and out-of-sequence work in an effort to speed up production at the expense of safety; (c) Boeing did not properly oversee its suppliers to ensure quality control, including its critical supplier Spirit AeroSystems, where Boeing knew quality failures were pervasive; (d) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (e) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (f) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures,”; and (g) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

RRR. January 31, 2024 – Fourth Quarter 2023 Press Release and Earnings Call

974. On January 31, 2024, Boeing released its financial results for the fourth quarter of 2023. The press release announcing the earnings results quoted Defendant Calhoun as follows:

While we report our financial results today, *our full focus is on taking comprehensive actions to strengthen quality at Boeing, including listening to input from our 737 employees that do this work every day.* . . . As we move forward, we will support our customers, work transparently with our regulator and ensure we complete all actions to earn the confidence of our stakeholders.

975. The press release also stated:

The company continues to cooperate transparently with the FAA following the Alaska Airlines Flight 1282 accident involving a 737-9. Commercial Airplanes is taking immediate actions to strengthen quality on the 737 program, including requiring additional inspections within its factory and at key suppliers, supporting expanded oversight from airline customers and pausing 737 production for one day to refocus its employees on quality. The company has also appointed an outside expert to lead

an in-depth independent assessment of Commercial Airplanes' quality management system, with recommendations provided directly to Calhoun and the Aerospace Safety Committee of Boeing's Board of Directors. The 737 program continues to deliver airplanes and its production rate is now at 38 per month.

976. On the January 31, 2024 earnings call to discuss Boeing's fourth quarter 2023 results, Defendant Calhoun stated as follows during his opening remarks, which focused exclusively on the Alaska Airlines Incident:

While we report on our fourth quarter results today, my focus is on Alaska Airlines Flight 1282 and the actions we are taking as a company that strengthen quality and earn the confidence of our customers, the confidence of our regulators and the flying public.

...

* * *

Our team has worked diligently to help our customers restore their 737-9 airplanes to service. The FAA approved the detailed inspection protocol last Wednesday. And today, all 737-9 operators are safely returning their airplanes in service.

More broadly, we are taking immediate and comprehensive actions to strengthen quality of Boeing and within our supply chain. We instituted additional quality controls and inspections at Boeing and at our supplier.

We issued bulletins to suppliers to strengthen the focus on conformance and reducing the risks of quality escapes. We opened our factories to 737 operators for additional direct oversight. And we appointed an expert quality advisor to conduct a comprehensive and independent review of our commercial airplane quality management system and they will remain with us for many years.

Most importantly, last week, we paused 737 production for the day as more than 10,000 teammates across Renton, Seattle and Moses Lake stopped to focus on safety and quality, and only, safety and quality.

In addition to our internal actions, the FAA has announced new oversight of our 737 manufacturing. We will cooperate fully and transparently with the FAA at every turn. We respect their role as our regulator and we will follow their direction in every step on production.

Today, we're producing 737s at a rate of 38 per month and we will remain at that rate until the FAA and Boeing is satisfied with our quality and manufacturing process. . . . ***And on the 737 line, we have regularly slowed rate breaks to support the stability of the overall production system and to correct nonconformances when identified.***

But this accident makes it absolutely clear we have more work to do. I know that these moments that impact delivery schedules can frustrate our customers and our investors. But quality and safety must come above all else. And our customers and our investors know that and are in there with us.

* * *

Since day 1, we've been focused squarely on inculcating safety and quality to everything that we do, and getting back to our legacy of having engineering excellence at the center of our business. That focus and commitment is unwavering and we will continue to strengthen our processes and our execution every step of the way.

Most importantly, we will be transparent every step of the way.

977. During the question-and-answer segment, an analyst asked for an explanation of “how we got here” with respect to the Alaska Airlines incident, given that the 737 MAX production line had to be the “most scrutinized production line in the world.” In response, Defendant Calhoun stated:

Well, Ron, [] it should never happen. So the question about now is not so relevant. It should never and can never happen. I am incredibly proud of the work that our people do on the 737 line. I think it has steadily progressed. Quality numbers have gotten better.

But when you have an escape, and then when everybody concludes exactly what happened in that escape, that lights another fire. ***So you take another step forward with respect to all things quality.***

And you make certain that whatever it was that created that opportunity for failure in the sky or in-flight can never happen again. And that has already happened, and then we'll learn from everything. So, yes, I think I understand your underlying context for the question, but I probably take exception to that premise.

978. The above statements were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) “gaps” between sections of the aircraft contrary to industry standards and Boeing’s own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (c) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (d) Boeing did not properly implement new safety procedures following the 2018 and 2019 Crashes, as was confirmed in February 2024 by the FAA, which found, among other things, that Boeing did not fully implement its SMS, and that “Boeing employees did not demonstrate knowledge of Boeing’s enterprise-wide safety culture effects, nor its purpose and procedures;” and (e) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

979. Additionally, Defendants’ statements concerning actions it was taking to “earn the confidence of our regulators” was materially false and misleading when made because they were inconsistent with, and Defendants failed to disclose, that: (a) Boeing materially failed to comply with the FAA mandate requiring Boeing to implement a SMS, as was confirmed in April 2024 by the FAA, which found that Boeing did not fully implement its SMS and that “many Boeing employees did not demonstrate knowledge of Boeing’s SMS efforts, nor its purpose and procedures;” and (b) Boeing failed to comply with the terms of the DPA it entered into with the DOJ in January 2021 by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

SSS. January 31, 2024 – Full Year 2023 Form 10-K

980. On January 31, 2024, Boeing filed with the SEC its Form 10-K reporting the Company's financial and operational results for the full year 2023 (the "2023 Form 10-K").

981. Appended as an exhibit to the 2023 Form 10-K were signed certifications pursuant to SOX, in which Defendants Calhoun and West certified that "[t]he [10-K] fully complies with the requirements of Section 13(a) or 15(d) of the [Exchange Act]" and that "[t]he information contained in the [10-K] fairly presents, in all material respects, the financial condition and results of operations of the Company."

982. The 2023 Form 10-K included the following risk factor:

The outcome of litigation and of government inquiries and investigations involving our business is unpredictable, and an adverse decision in any such matter could have a material effect on our financial position and results of operations.

We are involved in a number of litigation matters. These matters may divert financial and management resources that would otherwise be used to benefit our operations. No assurances can be given that the results of these matters will be favorable to us. An adverse resolution of any of these lawsuits, or future lawsuits, could have a material impact on our financial position and results of operations. In addition, we are subject to extensive regulation under the laws of the United States and its various states, as well as other jurisdictions in which we operate and/or market our products. As a result, we are sometimes subject to government inquiries and investigations due, among other things, to our business relationships with the U.S. government, the heavily regulated nature of our industry, and in the case of environmental proceedings, our current or past ownership of certain property. ***Any such inquiry or investigation could result in an adverse ruling against us, which could have a material impact on our financial position, results of operations and/or cash flows.***

983. The above statements noting only *potential* risks associated with legal proceedings and government investigations were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that: (a) Boeing materially

failed to comply with the FAA mandate requiring Boeing to implement an SMS, as was confirmed in 2024 by the FAA, which found that Boeing did not fully implement its SMS and that “many Boeing employees did not demonstrate knowledge of Boeing’s SMS efforts, nor its purpose and procedures;” and (b) Boeing failed to comply with the terms of the DPA it entered into with the DOJ in January 2021 by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

984. The 2023 Form 10-K also included the following risk factors:

Operational challenges impacting the production system for one or more of our commercial aircraft programs could result in additional production delays and/or failure to meet customer demand for new aircraft, either of which would negatively impact our revenues and operating margins. Our commercial aircraft production system is extremely complex. ***Operational issues, including delays or defects in supplier components, failure to meet internal performance plans, or delays or failures to achieve required regulatory approval, could result in additional out-of-sequence work and increased production costs, as well as delayed deliveries to customers, impacts to aircraft performance and/or increased warranty or fleet support costs.***

* * *

If our commercial aircraft fail to satisfy performance and reliability requirements and/or potentially required sustainability standards, we could face additional costs and/or lower revenues. Developing and manufacturing commercial aircraft that meet or exceed our performance and reliability standards and/or potentially required sustainability standards, as well as those of customers and regulatory agencies, can be costly and technologically challenging. These challenges are particularly significant with newer aircraft programs. Any failure of any Boeing aircraft to satisfy performance or reliability requirements could result in disruption to our operations, higher costs and/or lower revenues.

Our ability to deliver products and services that satisfy customer requirements is heavily dependent on the performance and financial stability of our subcontractors and suppliers, as well as on the availability of highly skilled labor, raw materials and other components. We rely on other companies, including U.S. and non-

U.S. subcontractors and suppliers, to provide and produce raw materials, integrated components and sub-assemblies, and production commodities and to perform some of the services that we provide to our customers. . . . ***If one or more of our suppliers or subcontractors continue to experience financial difficulties, delivery delays or other performance problems, we may be unable to meet commitments to our customers and our financial position, results of operations and cash flows may continue to be adversely impacted.***

985. The above statements were materially false and misleading when made because Defendants noted only that *potential* risks such as out-of-sequence work, failure to meet “reliability requirements,” and other operational challenges (including the performance and stability of suppliers and “defects” from suppliers) could have a negative impact on its business, financial condition, and results of operations—all while failing to disclose that, at the time of the statements, out-of-sequence work, operational challenges (including “defects” from Spirit, Boeing’s most important supplier), and Boeing’s failure to comply with regulatory requirements were ongoing and *presently existing* conditions that the Company was already facing.

986. The 2023 Form 10-K also stated as follows:

Various legal proceedings, claims and investigations related to products, contracts, employment and other matters are pending against us. ***In addition, we are subject to various government inquiries and investigations from which civil, criminal or administrative proceedings could result or have resulted in the past. Such proceedings involve or could involve claims by the government for fines, penalties, compensatory and treble damages, restitution and/or forfeitures.*** . . . We believe, based upon current information, that the outcome of any currently pending legal proceeding, claim, or government dispute, inquiry or investigation will not have a material effect on our financial position, results of operations or cash flows. With respect to the matters set forth below, we cannot reasonably estimate a range of loss in excess of recorded amounts, if any.

Multiple legal actions and inquiries were initiated as a result of the October 29, 2018 accident of Lion Air Flight 610 and the March 10, 2019 accident of Ethiopian Airlines Flight 302. ***On January 7, 2021, we entered into a Deferred Prosecution Agreement (DPA)***

with the U.S. Department of Justice that resolved the Department of Justice’s investigation into us regarding the evaluation of the 737 MAX by the Federal Aviation Administration (FAA). Among other obligations, the DPA includes a three-year reporting period, which ended earlier this month. The Department is currently considering whether we fulfilled our obligations under the DPA and whether to move to dismiss the information, which motion will require court approval.

987. The above statements concerning pending investigations and Boeing’s purported compliance with the mandates of the DOJ were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that: (a) Boeing materially failed to comply with the FAA mandate requiring Boeing to implement a SMS, as was confirmed in 2024 by the FAA, which found that Boeing did not fully implement its SMS and that “many Boeing employees did not demonstrate knowledge of Boeing’s SMS efforts, nor its purpose and procedures;” and (b) Boeing failed to comply with the terms of the DPA it entered into with the DOJ in January 2021 by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

988. In addition, the 2023 Form 10-K stated as follows with respect to employees’ ability to raise safety concerns within the Company:

Safety, quality, integrity and sustainability are at the core of how Boeing operates. We aspire to achieve zero workplace injuries and provide a safe, open and accountable work environment for our employees. Employees are also required on an annual basis to sign the Boeing Code of Conduct to reaffirm their commitment to do their work in a compliant and ethical manner. We provide several channels for all employees to speak up, ask for guidance and report concerns related to ethics or safety violations. We address employee concerns and take appropriate actions that uphold our Boeing values.

989. The above statements concerning Boeing’s purported culture that prioritized safety and encouraged employees to raise safety concerns were materially false and misleading when

made because these statements were inconsistent with, and Defendants failed to disclose, that Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility.

990. Finally, the 2023 Form 10-K incorporated by reference various Boeing codes of conduct, available on Boeing's website, including the Employee Code of Conduct and the Board Code of Conduct, as referenced in ¶¶637-39, which were materially false and misleading for the reasons stated in ¶640.

TTT. January 31, 2024 – Defendant Calhoun Interview on CNBC

991. On January 31, 2024, Defendant Calhoun appeared on CNBC, to discuss Boeing's fourth quarter 2023 earnings results. During the interview, Defendant Calhoun discussed the Company's response to the Alaska Airlines Incident, stating:

Our full attention, our full focus, as a company is to make certain that we never have a safety escape again, learn everything we can from the accident, learn everything we can from the FAA's audit, learn everything we can from the stand down that we had and all the ideas that were given to us by our own people. And that requires all of our attention, all of our energy.

992. The above statement was materially false and misleading when made because it was inconsistent with, and Defendants failed to disclose, that: (a) Boeing materially failed to comply with the FAA mandate requiring Boeing to implement a SMS, as was confirmed in February 2024 by the FAA, which found that Boeing did not fully implement its SMS and that "many Boeing employees did not demonstrate knowledge of Boeing's SMS efforts, nor its purpose and procedures;" and (b) Boeing failed to comply with the terms of the DPA it entered into with the DOJ in January 2021 by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

UUU. February 13, 2024 – TD Cowen Aerospace & Defense Conference

993. On February 13, 2024, Defendant West participated in the TD Cowen Aerospace & Defense Conference. During the presentation, an analyst asked, in the context of the Alaska Airlines Incident: “[T]he FAA has talked of tighter oversight. . . So what are you seeing in terms of . . . what does tighter oversight mean?” Defendant West responded:

[W]e take full accountability for what’s happened here. *And we have a comprehensive view of how we go in and help the factory get to a different spot and strengthen quality. . . .* In the meantime, we’ll learn lots of things. *And we will make sure that we continue to build every next airplane with higher and higher quality.* So we are perfectly fine with where we’re at, and *we’ll be cooperative.*

994. The above statements concerning Boeing’s purported compliance with regulatory requirements were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, that: (a) Boeing materially failed to comply with the FAA mandate requiring Boeing to implement a SMS, as was confirmed in February 26, 2024 by the FAA Expert Panel Report, which found that Boeing did not fully implement its SMS and that “many Boeing employees did not demonstrate knowledge of Boeing’s SMS efforts, nor its purpose and procedures;” and (b) Boeing failed to comply with the terms of the DPA it entered into with the DOJ in January 2021 by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

VVV. March 20, 2024 – Bank of America Securities Global Industrials Conference

995. On March 20, 2024, Defendant West participated in the Bank of America Global Industrials Conference. During the presentation, Defendant West stated as follows in response to a question about the steps Boeing was taking to “reemphasize a focus on quality, safety and compliance”:

Let me start by saying that we continue to be fully committed to transparency and accountability with our regulators. The FAA is deeply involved and undertaking a tougher audit than anything we've ever been through before. ***And as they do their important work, we're undertaking comprehensive actions so that we can move forward to strengthen quality and build confidence.***

* * *

Beyond traveled work, the other things that we're working on to get after safety, quality and regulatory compliance are around things like training, tooling our quality management system and how that links with our safety management system and picking up the signals on the factory floor, incentive compensation, to name a few. ***So rest assured that there's a lot of change happening at Boeing right now*** and it's a hard moment. And we'll probably better because of it, but I'm confident that we're going to see our way through it.

996. The above statements concerning Boeing's purported compliance with regulatory requirements were materially false and misleading when made because these statements were inconsistent with, and Defendants failed to disclose, Boeing failed to comply with the terms of the DPA it entered into with the DOJ in January 2021 by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

WWW. April 5, 2024 – Boeing Proxy Statement

997. On April 5, 2024, Boeing filed a proxy statement in connection with the upcoming annual meeting of shareholders (the "2024 Proxy"). The 2024 Proxy began with a message from the Chairman of the Board, Steven M. Mollenkopf, which stated as follows:

Safety is, of course, our top priority. While we have made progress in strengthening our safety management and quality control systems and processes in the last few years, recent events make it absolutely clear that we have more work to do and must improve every day.

The Board is fully engaged and has worked with management to take immediate actions to continue strengthening our safety, quality and risk management systems.

* * *

Our employees are the foundation of our success and the key to product safety. We believe a culture in which our employees are heard, trained and supported will produce safe and reliable airplanes.

* * *

Above all, we remain committed to our core values of safety, quality, transparency and sustainability.

998. The 2024 Proxy Statement also stated as follows:

We are committed to continuing to strengthen our culture of safety through continuous improvement, learning and innovation. Teammates from across the Company are taking an objective and collaborative approach to all aspects of product safety, quality, compliance and airworthiness. *In all situations, every employee is empowered and encouraged to speak up if they have any safety or quality concern.* We are dedicated to making daily progress and holding ourselves accountable to the highest standards.

* * *

Boeing is dedicated to its unwavering commitment to safety, quality, integrity and transparency. Our goal is to prevent accidents, injury or loss of life with our culture and actions rooted in safety. *We continue to enhance oversight of our safety processes and procedures.*

The Aerospace Safety Committee assists the Board in the oversight of the safety of company products and services. The Chief Aerospace Safety Office, which was established in 2021, has developed a comprehensive strategy to strengthen Boeing's safety practices and culture and is collaborating with global regulators, airline operators and other industry stakeholders to improve the aerospace safety ecosystem.

The oversight mechanisms in place include formal lines of communication which ensure safety and potential safety issues are evaluated, discussed and addressed during Safety Reviews with business unit presidents, our Chief Engineer, functional and program leaders and members of the FAA. Nothing is more important at Boeing than safety—in the workplace and in the products we design, build and support.

* * *

We continue to mature our enterprise Safety Management System (SMS), an integrating framework for managing safety risks.

* * *

Our SMS collects and monitors data from multiple internal and external data sources — operational data from the global fleet, employee reporting, audit findings and design and manufacturing data — to identify and mitigate product safety risks.

Our [Quality Management System (“QMS”)] and SMS work together and are built into our organizational structure, policies, processes, procedures and resources. ***In addition to the comprehensive actions we have taken recently to strengthen quality assurance and controls across our factories, we have taken important steps in recent years to strengthen the foundation of our QMS and its layers of protection.***

* * *

The Board is committed to safety as a core value of the Company— both with respect to our aerospace products and services and our employees in the workplace. One manifestation of this commitment is ensuring that the Board includes members with a wide range of experience in areas where safety is paramount.

* * *

At Boeing, our core values of safety, quality, integrity and transparency guide us as we design, build and service our products. Each year, Boeing employees affirm their commitment to these values by signing our Code of Conduct, a process through which we each pledge to adhere to all applicable laws, regulations and company policies.

* * *

In 2023, we continued our work to create an environment where each team member is encouraged to feel comfortable identifying issues, seeking guidance and speaking up without fear of retaliation.

999. The above statements concerning Boeing’s purportedly enhanced and renewed focus on and prioritization of safety and implementation of safety and quality control practices, including Boeing’s encouragement of employees to raise safety concerns “without fear of retaliation,” were materially false and misleading when made because these statements were

inconsistent with, and Defendants failed to disclose, pervasive safety and quality failures in Boeing's commercial airplane manufacturing process that sacrificed safety and quality in favor of production speed and profits, including that: (a) Boeing continued to take unsafe shortcuts during the manufacturing process such as improper shimming of (and failure to shim) "gaps" between sections of the aircraft contrary to industry standards and Boeing's own engineering specifications, and the reliance on an assembly process that resulted in significant misalignment between aircraft parts; (b) Boeing improperly limited the scope of the recertification of the 737 MAX to address only MCAS, rather than additional unsafe features of the airplane; (c) Boeing flight line and manufacturing employees were not properly licensed and lacked proper training; (d) Boeing employees were discouraged from raising safety concerns, and those who did raise such concerns were ignored, retaliated against, and/or responded to with hostility; and (e) Boeing was not complying with the terms of the DPA it entered into with the DOJ in January 2021, by failing to properly implement a compliance and ethics program to prevent violations of law and ensure it had internal controls in place to detect and deter such violations.

VII. LOSS CAUSATION

1000. Throughout the Class Period, as detailed herein, Defendants made false and misleading statements and omissions. These false and misleading statements and omissions created a misleadingly positive view of the investment value of Boeing's common stock throughout the Class Period and artificially inflated and/or artificially maintained the price of Boeing's common stock. As truthful information was revealed to the market and/or as the previously undisclosed, understated, or misrepresented risks materialized, Boeing's common stock price declined as the artificial inflation was removed from its share price. These stock price declines are detailed above in Section IV.H.

1001. As a result of their purchases of Boeing common stock at artificially inflated and/or artificially maintained levels during the Class Period, and the subsequent declines in Boeing's common stock price as the truth was revealed, Plaintiffs and Class members suffered economic loss, *i.e.*, damages, under the federal securities laws.

VIII. PRESUMPTION OF RELIANCE

1002. With respect to Defendants' affirmative misstatements, Lead Plaintiffs will rely upon the presumption of reliance established by the fraud-on-the-market doctrine, in that, among other things:

- (a) Defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- (b) the omissions and misrepresentations were material;
- (c) the Company's securities traded in an efficient market;
- (d) the misrepresentations alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities;
- (e) Lead Plaintiffs and the other members of the Class purchased Boeing's securities between the time Defendants misrepresented or failed to disclose material facts and the time the true facts were disclosed, without knowledge of the misrepresented or omitted facts;
- (f) Boeing's common stock met the requirements for listing and was listed and actively traded on the New York Stock Exchange, a highly efficient and automated market;
- (g) as a regulated issuer, Boeing filed periodic public reports with the SEC and the New York Stock Exchange;
- (h) Boeing regularly communicated with public investors via established market communication mechanisms, including the regular dissemination of press releases on the

national circuits of major newswire services and other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

(i) Boeing was followed by numerous securities analysts employed by major brokerage firms, all of which wrote reports that were distributed to the sales force and certain customers of their respective brokerage firm(s) and were publicly available and entered the public marketplace.

1003. As a result of the foregoing, the market for Boeing's securities promptly digested current information regarding Boeing from publicly available sources and reflected such information in Boeing's securities price. Under these circumstances, all persons and entities who or which purchased or otherwise acquired Boeing common stock during the Class Period suffered similar injuries through their purchase of Boeing common stock at artificially inflated and/or artificially maintained prices, and thus, the presumption of reliance applies.

1004. The material misrepresentations and omissions alleged herein would induce a reasonable investor to misjudge the value of Boeing common stock.

1005. Without knowledge of the misrepresented or omitted material facts alleged herein, Lead Plaintiffs and other members of the Class purchased shares of Boeing common stock between the time Defendants misrepresented or failed to disclose material facts and the time the true facts were disclosed.

1006. With respect to Defendants' concealment or improper failure to disclose material facts with respect to Boeing's business, Lead Plaintiffs are entitled to a presumption of reliance in accordance with *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128, 153 (1972).

IX. CLASS ACTION ALLEGATIONS

1007. Lead Plaintiffs bring this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of all persons and entities who or which purchased or otherwise

acquired the publicly traded common stock of Boeing (NYSE:BA) during the period from September 30, 2019 to May 14, 2024, inclusive, (“Class Period”) and were damaged thereby (the “Class”). Excluded from the Class are: (i) Defendants; (ii) members of the immediate family of any Defendant who is an individual; (iii) any person who was an officer, director, or control person of Boeing during the Class Period; (iv) any firm, trust, corporation, or other entity in which any Defendant has or had a controlling interest; (v) Boeing’s employee retirement and benefit plan(s) and their participants or beneficiaries, to the extent they made purchases through such plan(s); and (vi) the legal representatives, affiliates, heirs, successors-in-interest, or assigns of any such excluded person.

1008. The members of the Class are numerous that joinder of all members is impracticable. According to public reports filed with the SEC, during the Class Period, Boeing had over 602 million outstanding shares of common stock and was actively traded on the NYSE under the ticker symbol “BA.” While the exact number of Class members is unknown to Lead Plaintiffs at this time, and such number can only be ascertained through appropriate discovery, Lead Plaintiffs believe that the proposed Class has thousands of members and is widely dispersed geographically. Record owners and other members of the Class may be identified from records maintained by Boeing and/or its transfer agent and may be notified of the pendency of this action by mail, using a form of notice similar to that customarily used in securities class actions.

1009. Lead Plaintiffs’ claims are typical of the claims of the members of the Class. All members of the Class were similarly affected by Defendants’ allegedly wrongful conduct in violation of the Exchange Act as complained of herein.

1010. Lead Plaintiffs will fairly and adequately protect the interests of the members of the Class. Lead Plaintiffs have retained counsel competent and experienced in class and securities litigation.

1011. Common questions of law and fact exist as to all members of the Class and predominate over questions solely affecting individual members of the Class. The questions of law and fact common to the Class include, but are not necessarily limited to, the following:

(a) Whether Defendants violated the federal securities laws by their acts and omissions alleged herein;

(b) Whether the statements Defendants made to the investing public during the Class Period contained material misrepresentations or omitted to state material information;

(c) Whether, and to what extent, the market price of Boeing common stock was artificially inflated and/or artificially maintained during the Class Period because of the material misstatements alleged herein;

(d) Whether Defendants acted with the requisite level of scienter;

(e) Whether the Individual Defendants were controlling persons of Boeing; and

(f) Whether the members of the Class have sustained damages as a result of the conduct complained of herein, and if so, the proper measure of such damages.

1012. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy because, among other things, joinder of all members of the Class is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

X. NO SAFE HARBOR

1013. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the alleged false and misleading statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions.

1014. In addition, to the extent certain of the statements alleged to be false and misleading may be characterized by Defendants as forward-looking, those statements were not identified as “forward-looking statements” when made, and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in any purportedly forward-looking statements.

1015. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false or misleading forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of the Company who knew that the statement was false or misleading when made.

XI. CLAIMS FOR RELIEF UNDER THE EXCHANGE ACT

COUNT I

Violations of Section 10(b) of the Exchange Act and SEC Rule 10b-5 Promulgated Thereunder Against Boeing and the Individual Defendants

1016. Lead Plaintiffs repeat and re-allege the above paragraphs as though fully set forth herein.

1017. This Count is asserted pursuant to § 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder by the SEC against Boeing and the Individual Defendants.

1018. As alleged herein, throughout the Class Period, Boeing and the Individual Defendants, individually and in concert, directly and indirectly, by the use of the means or instrumentalities of interstate commerce, the mails and/or facilities of national securities exchanges, made untrue statements of material fact and/or omitted to state material facts necessary to make their statements not misleading and carried out a plan, scheme and course of conduct, in violation of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder. Boeing and the Individual Defendants intended to and did, as alleged herein, (i) deceive the investing public, including Lead Plaintiffs and members of the Class; (ii) artificially inflate and/or artificially maintain the price of Boeing common stock; and (iii) cause Lead Plaintiffs and members of the Class to purchase Boeing common stock at artificially inflated and/or artificially maintained prices.

1019. The Individual Defendants were individually and collectively responsible for making the false and misleading statements and omissions alleged herein and because they engaged in a plan, scheme, and course of conduct designed to deceive Lead Plaintiffs and members of the Class, by making public statements and preparing, approving, signing, and/or disseminating documents that contained untrue statements of material fact and/or omitted material facts necessary to make the statements therein not misleading.

1020. As set forth above, Boeing and the Individual Defendants made their false and misleading statements and omissions and engaged in the fraudulent activity described herein knowingly and intentionally, or in such a deliberately reckless manner as to constitute willful deceit and fraud upon Lead Plaintiffs and the other members of the Class who purchased Boeing common stock during the Class Period.

1021. In ignorance of the false and misleading nature of Boeing's and the Individual Defendants' statements and omissions, and relying directly or indirectly on those statements or upon the integrity of the market price for Boeing common stock, Lead Plaintiffs and other members of the Class purchased Boeing common stock at artificially inflated and/or artificially maintained prices during the Class Period. But for the fraud, Lead Plaintiffs and members of the Class would not have purchased Boeing common stock at such artificially inflated and/or artificially maintained prices. As set forth herein, when the true facts were subsequently disclosed, the price of Boeing common stock declined precipitously, and Lead Plaintiffs and members of the Class were damaged and harmed as a direct and proximate result of their purchases of Boeing common stock at artificially inflated and/or artificially maintained prices and the subsequent decline in the price of that security when the truth was disclosed.

1022. Due to the foregoing, Boeing and the Individual Defendants are liable to Lead Plaintiffs and members of the Class for violations of § 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

COUNT II

Violation of Section 20(a) of the Exchange Act Against the Individual Defendants

1023. Lead Plaintiffs repeat and reallege the above paragraphs as though fully set forth herein.

1024. This Count is asserted pursuant to § 20(a) of the Exchange Act against the Individual Defendants.

1025. The Individual Defendants had control over Boeing and made the materially false and misleading statements and omissions on behalf of Boeing within the meaning of § 20(a) of the Exchange Act as alleged herein. By virtue of their executive leadership positions, as alleged above, the Individual Defendants had the power to influence and control and did, directly or indirectly, influence and control the decision making of the Company, including the content and dissemination of the various statements which Lead Plaintiffs contend were false and misleading. The Individual Defendants were provided with or had unlimited access to the Company's internal reports, press releases, public filings, and other statements alleged by Lead Plaintiffs to be misleading prior to or shortly after these statements were issued, and had the ability to prevent the issuance of the statements or cause them to be corrected.

1026. In particular, the Individual Defendants had direct involvement in and responsibility over the day-to-day operations of the Company and, therefore, are presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein.

1027. By reason of such wrongful conduct and by virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to § 20(a) of the Exchange Act. As a direct and proximate result of the Individual Defendants' wrongful conduct, Lead Plaintiffs and the other members of the Class suffered damages in connection with their purchases of the Company's shares during the Class Period.

XII. PRAYER FOR RELIEF

WHEREFORE, Lead Plaintiffs pray for judgment as follows:

A. Determining that this action is a proper class action, certifying Lead Plaintiffs as class representatives under Rule 23 of the Federal Rules of Civil Procedure, and appointing Lead Plaintiffs' counsel as Lead Counsel for the Class;

B. Awarding compensatory damages in favor of Lead Plaintiffs and the other Class members against all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be determined at trial, including pre-judgment and post-judgment interest, as allowed by law;

C. Awarding Lead Plaintiffs and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

D. Awarding such equitable/injunctive or other relief as deemed appropriate by the Court.

XIII. JURY DEMAND

1028. Lead Plaintiffs demand a trial by jury.

DATED: May 22, 2024

/s/ Carol C. Villegas

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CERTIFICATE OF SERVICE

I hereby certify that on May 22, 2024, I authorized the electronic filing of the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the e-mail addresses denoted on the attached Electronic Mail Notice List.

I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

/s/ Steven J. Toll

Steven J. Toll

ELECTRONIC MAIL NOTICE LIST

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